

# ISLAM AND MODERN ECONOMIC THEORIES

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## CONTENTS

|   |              |
|---|--------------|
| <b>Preface</b>  | <b>5</b>     |
| <b>Historical Background of Current</b>                   |              |
| <b>Sociological Problems</b>                              | <b>7-19</b>  |
| Feudal System   | 7            |
| Renaissance   | 10           |
| Liberalism of Middle Age                                  | 13           |
| Industrial Revolution                                     | 15           |
| Modern Liberalism   | 16           |
| <b>Modern System of Capitalism</b>                        | <b>21-39</b> |
| Principles of Uncontrolled Economy                        | 21           |
| 1. Right to Personal Ownership                            | 21           |
| 2. Right to Freedom of Activity                           | 21           |
| 3. Personal Profit: A Motivating Force<br>of Activity     | 22           |
| 4. Confrontation and Competition                          | 23           |
| 5. Distinction between Rights of<br>Employers & Employees | 23           |
| 6. Dependence on Natural Reasons of Growth                | 25           |
| 7. Non Interference of State                              | 25           |
| Causes of Defects   | 26           |
| <b>Socialism and Communism</b>                            | <b>41-63</b> |
| Socialism and its Principles                              | 43           |
| Communism and its Balance Sheet of Profit & Loss          | 48           |
| Benefits  | 50           |
| Drawbacks   | 51           |
| <b>Reaction</b>   | <b>65-81</b> |
| Fascism and Nazism  | 66           |

|   |                |
|---|----------------|
| Right and Useful Work   | 67             |
| Follies and Damages   | 70             |
| Internal Reforms of Capitalist System   | 73             |
| The Defects that Still Persist in<br>the Capitalist System                      | 77             |
| <b>History's Lesson</b>   | <b>83-88</b>   |
| Real Entanglement   | 86             |
| <b>Basic Pillars of Islamic Economic System</b>                                 | <b>89-104</b>  |
| 1. Earning of Wealth – Distinction<br>Between Legitimate & Illegitimate Sources | 89             |
| 2. Prohibition of Accumulation of Wealth  | 90             |
| 3. Command for Spending   | 91             |
| 4. Zakath   | 96             |
| 5. Law of Inheritance   | 99             |
| 6. War Booty & Distribution of<br>Conquered commodities                         | 100            |
| 7. Commandment of Moderation  | 102            |
| <b>Modern Economic Complexities and its<br/>Islamic Solution</b>                | <b>105-120</b> |
| A Few Fundamental Realities   | 105            |
| Diagnosis of Malady   | 109            |
| Islamic Remedy  | 111            |
| 1. Ownership of Land  | 111            |
| 2. Other Means of Production  | 114            |
| 3. Finances   | 117            |
| 4. Zakath   | 118            |
| 5. Limited Interference of Government   | 120            |
| <b>Four Fundamental Principles of<br/>Balanced Economy</b>                      | <b>120-123</b> |



In the name of Allah the most beneficent, the most merciful

## Preface

This brief book-let is a collection of those chapters of my book "INTEREST" which have already been published under the first and second volumes of my afore-said book. Owing to the conditions prevalent at the time of compilation of these two volumes, the order of its editing had created quite a confusion in the minds of its readers. Now at the time of editing the same afresh, it was thought appropriate to delete those portions of the book which are not directly concerned with the problem of interest and publish the same in the form of a separate book-let; and put all those chapters only which directly deal with the problem of INTEREST.

20<sup>th</sup> Zil Qada 1377  
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*Abul A'la*

## **Historical Background of the Current Sociological problems**

In the immediate past, the reins of ideological leadership of the world and its practical management have been in the hands of the west. Hence as a natural corollary, the present position is that a majority of our problems in civilization, politics and economics and our entanglements in them are the outcome of the problems and complications in the western life. Apart from this it is also a natural consequence that a majority of our thinkers are seeking guidance from the same solutions which the western thinkers and statesmen have proposed. Hence it is inevitable that we first put a cursory glance at the historical background of the current sociological problems and also look at the solutions that are being offered or adopted for these problems and find their genealogy. In the light of these historical discussions, we will have a better perception of the issues we will have to discuss with regard to our topic.

### **Feudal System**

In the 5<sup>th</sup> century AD with the disintegration of the Western Roman Empire, the civilizational, political and economic unity of Europe was shattered, the bond that held different nations and states together was severed and the arrangement which had made these bonds possible was no more able to serve this purpose. Although a lingering impression of Roman law, Roman universality

and Roman political thought continued to influence the western mind which is in existence even today, but due to the breakup of the empire the whole of Europe was divided into small units. Each and every geographical unit was divided into several parts. In some places the people of the same race and the people talking the same language were not able to maintain their oneness. The entire empire after undergoing divisions and subdivisions was broken into such small different units that its administration was possible only by local landlords and feudal lords. This is how an order of life was established in Europe which is technically called as a Feudal system. The characteristics which come into being by stages and which later got firmly ingrained in the system were as follows:

1. Ownership of land formed the basis of rulership. Honour, power, supremacy and permanent privileges were reserved for only those who were the land owners in any region. It is they who established peace in the region under their control. It is with them, the rich, the feudal lord or the king had a direct link. All those who did not belong to the class of land owners — whether they be farmers, artisans, or traders — spent their lives under their patronage. They were all like subjects. Among the subjects also there were many classes of which some were higher and others lower in status. This class division and based on this division, the distinction between the status, positions and privileges of the various classes developed firm roots in this society. In this way the society under feudal system got moulded on the pattern of a ladder where every one sitting on a rung or step was the lord of those sitting on the lower rung and the slave of those seated on a higher rung. In this order, the highest placed was the family of the ruler of the state and the lowest

placed were the poor families who could not exercise their power of lordship on anybody.

Christian Church, though not possessing any Divine law or basic guidance, but laying claim to speak on behalf of God had newly been established just then in Europe. The church developed cordial links with the newly born feudal system and started granting religious sanctions to all those traditional institutions, rights and privileges and the restrictions which were developing firm roots in the society. Any idea which became old, became an article of Christian faith and even to think against it was regarded as blasphemy. Any custom once established became a divine law and any deviation from it was regarded as deviation from God and religion. Be it literature and philosophy or social order and politics and economics, whatever form anything had attained under the feudal system, was sanctified by the church as a divine form and on this basis any attempt to change it was not just a crime but also divinely forbidden and unlawful.

3. As there was no central authority or administration which could undertake the construction of highways and look after its maintenance and establish peace upon them, the distant travels, commerce on a large scale, production of consumer goods and its supply and in short all such activities came to a standstill and commerce and industries and the mentalities of the people got delimited to the confines of the tiny geographical zones whose boundaries the authority of the feudal lords had drawn.

4. Every department of commerce and industry become the monopoly of the community of each and every profession. No one from the community could ever step out of one's profession nor anyone from outside the community could ever enter any profession. Every

community was firm on keeping its profession confined to its own class. Goods manufactured for immediate and local needs were sold in the neighbourhoods and it was mostly carried out in exchange for commodities and cereals. These causes had almost blocked the door of progress, expansion, technical reformation and accumulation of capital.

The evils which were born out of the downfall of Roman Empire were set right in the least by the establishment of the Holy Roman Empire. Even though the Pope and the Caesar might have provided a spiritual, moral and to a certain extent political bond of unity to Europe, but the shape which civilization and mode of life had come to acquire under the feudal system, not only did not change but got established on such firm foundations as if no other system of life apart from this system could ever be contemplated.

## **Renaissance**

What contributed to the breakup of this statusquo and how it all started and the way the multilateral movement, which came to be known as Renaissance, arose is beyond the topic of our discussion. In brevity one can say, the conquest of Spain and saqlia on the one hand and the Crusades on the other hand brought the western world face to face with those nations of the world who were the torch bearers of civilization and culture at that time. Although the veil of prejudice, which was cast on the eyes of the western world owing to the influence of the church, prevented them from focusing their attention on Islam, but their interaction with Muslims surely had the benefit of availing the vast treasure of new thoughts,



knowledge and advanced methods which eventually became the cause of the starting of a new era.

In the history of Europe the period starting from fourteenth century to sixteenth century was a transitory period from the middle ages to the modern age. In this era, every aspect of western life was activated due to the influences which were imported from foreign lands. In physics, medicine, mathematics, engineering and other branches, the knowledge of the western world started to gain ascendancy. The invention of the press accelerated the propagation of thoughts and knowledge. The awakening of knowledge gave rise to a chain of reviews and reformations in every branch of life. The knowledge of new techniques put new life in industry, agriculture and commerce and in general in the whole mode of living. Again the new geographical discoveries widened their vision and ideology; and along with this such markets started opening up in distant lands in which they could dump the raw materials and industrial products of their own countries and could purchase the raw materials and the finished products of the other countries. On account of these emerging opportunities, the markets which were lying idle for centuries together became active once again. In spite of all restrictions, the businesses of the merchants began expanding both inside and outside of Europe. Across broad trading junctions towns started emerging and expanding. The centre of wealth, power, intelligence, culture and Civilization gradually started shifting from land lords and the district headquarters of the states to the big cities which were emerging as the centres of commerce and industry and modern educational and literary activities.

The leaders of this activity were those Bourgeois class of people (i.e. merchants, artisans, bankers, and naval merchants etc.) who were taking full advantage of these opportunities of development, who were inhabiting the cities and could travel abroad or were at least exposed to the influences of the incoming foreigners. They were overtaken by a passion for change and advancement but the stumbling blocks that were blocking their way were those ideological, moral, religious, sociological, political and economic restrictions which were the outcome of an unholy alliance of the church and the feudal system. From whichever field of life these people tried to step out of the centuries old established and hardened circles, the pope and the feudal lord jointly tried to block their way. This gave rise to a multilateral struggle against the twin powers and a multifaceted battle started in all fields. In the field of knowledge and literature the mental subjugation imposed by the church was challenged and stress was laid on independence of thought and intellectual enquiry. In the field of sociology, economics and politics, the authority of the feudal lords was challenged and a dissenting voice was raised against all the discriminations that had come to stay under the feudal system. Gradually this battle resulted in the defeat of the old system and the grabbing of offensive position by the emerging new power. By sixteenth century the events came to such a pass that in different countries of Europe, minor feudal estates were breaking up and getting absorbed in the national states, the magical spell of spiritual domination of Europe was shattered. The non religious leaders of the newly emerging states began confiscating the properties of the church. Discarding a universal religious system, various nationalities began establishing their own different national churches, who instead of being rivals or partners were their subordinates.

Thus with the severance of the restrictions of the joint domination of the church and the feudal system, the bourgeois class got freedom from the traditional social restrictions which the old system had placed in their way.

### **Liberalism of the Middle Age**

The ideological basis on which the battle against the church and the feudal system was waged had its caption as "Liberalism" i.e. broad outlook. The flag bearers of the new order were eulogising the merits of catholicity, magnanimity, large-heartedness and broad mindedness whether it be in the field of religion, philosophy, art and education or in the fields of sociology, civics, economics and politics. They were bent upon lifting the restrictions, blockages, narrowness and hardships from the path of the progressive man.

In this struggle if the narrow-mindedness of the church men and the feudal lords was at one extreme, the broadmindedness of the bourgeois class was at the other extreme. On both sides, selfishness was at work. Neither side had the least regard for truth, justice, right knowledge and virtuous thought. If on the one hand, one group had used the name of God, religion and morality in the defence of baseless tenets, unjust discriminations and rights established by force, then the other group in its opposition, in the name of liberalism and catholicity, shook the very foundations of the basic principles of religion and morality which have always been accepted as true. This was the period when politics was divorced from morality and Machiavelli openly advocated the theory that in the fulfilment of political aims and exigencies there is no need to be concerned about moral principles. This was the same time when in contrast to the church and the

feudal system, the idols of nationalism, nation-worship and national states were carved out and foundations of discord was laid on account of which the world at large has become a mountain of fire-spitting-volcano of battles and national animosities. It was the same era in which for the first time the idea of permissibility and lawfulness of interest was born, even though men of religion and ethics and jurists were unanimous of its forbidden nature. It is not just that Torah and Qur'an had forbidden it, even Aristotle and Pluto were convinced of its illegality. Even in Roman and Greek laws it was forbidden. But in the period of Renaissance, when bourgeois class raised the banner of revolt against the Christian church, first they started calling interest an inevitable evil until when Christian reformists being overtaken by this powerful propaganda began conceding, as an excuse for human weakness, its legitimacy on the basis of "expediency." Gradually the whole ethical discussion centred around rate of interest and distinguished thinkers spent their entire force of argument that the rate of interest must be "reasonable" and finally it led the thinking as to in what way should religion and morality concerned with business dealings. From the economic point of view, interest is wholly a natural and reasonable proposition. Just as nothing can be said against the rentals of a house, in the same way there is no rational reasoning against it.

The beauty is during the same period of Renaissance, through constantly blowing the trumpets of liberalism, whatever field the bourgeois class had captured from the possession of the feudal lords and the land owners, they become their sole proprietors. Their liberalism did not remind them that there exists another inferior class of common people who was more persecuted in the feudal system themselves and is entitled to share the benefits of the liberal system. For

instance when parliamentary form of government was established in England and the real power of the parliament got transferred from the hands of the Lords to those of the commons, then this whole authority was hijacked by the liberals of the bourgeois class. The reasons which they had advanced for acquiring the right of franchise for themselves, could not be recalled while denying the right of franchise to the lower class of people.

## **Industrial Revolution**

This invention of the machine in the eighteenth century accelerated the speed of this revolution which started in the period of Renaissance. Then the latest scientific knowledge and the new inventions were applied in the development of commerce and industry, agriculture and means of transportation, the production of industrial goods, procurement of raw materials and the consumption of finished products took place on such a vast scale which could not even be imagined earlier.

This distinguished revolution had opened the door of opportunities to development, prosperity, power and authority and if there was any class nearest by to take advantage of all this, it was the bourgeois class which had come into being during Renaissance, because commerce and industry was in its possession, capital too was in its hands and also had its sole overbearing presence in the field of knowledge and literature. With the combination of commerce and industry, technical capability and managerial skill, it evolved a new order which is called "the modern capitalist system." Under this system, huge factories and business enterprises were established in cities. Old circles of professional classes were shattered. Life became miserable for small mill owners, shop

keepers with modest investments and individual artisans. People pursuing different professions were compelled to flock to cities and stand at the gates of the mighty factory owners as wage-earners and humble businessman and traders also became helpless to the extent that they had to accept either employment or agencies under industrialists and big business houses. In the same way, the power that comes through new scientific discoveries was grabbed by the bourgeois class and they started expanding the circle of their victories.

The greatest obstruction in the expansion of this circle was those national states which had come into being as a result of Renaissance. The autocratic kings of these states claimed a "Divine Right". The nobles of the erstwhile feudal system had acquired the status of "Focal point of contact" of these kings and the rational church provided a religious and spiritual succour to it. The entire political power was in the grip of this trinity. The rule of this trinity was creating various obstacles. These hurdles not only blocked the onward march of this class in the field of industry and commerce, but in the social and civic field also there were remnants of the old feudal system which were not to the liking of this emerging class.

### **Modern Liberalism**

The same liberalism which had won the previous battle arose in this period also equipped with new weapons and started giving a clarion call eulogising the merits of democracy in politics, personal freedom in social and ethical behaviour and unfettered liberally in economic activities (Laissez Faire Policy). Their contention was, be it the church or state or society, nobody has a right to impose obstacles on the struggle for evolution or efforts

on profit making. Every person should be afforded this opportunity to use his capabilities and potential according to one's own leanings and to advance forward as much as one can. The cause of society can also be served best where its every member is entitled to an unlimited freedom; total independence in every aspect of life and every course of action, freedom from all external restrictions, from all the taboos of customs, from every religious and moral bindings and from every legal and sociological interference.

In this way the proponents of this theory used all the resources at their command to advance the cause of toleration, nonconformity, liberalism and in short in their unique terminology called "rationalism."

In politics their demand was that the powers of the government were to be minimum and the limits of freedom of the individual were to be maximum. The status of the government was no more than that of an agency meant to establish justice and prevent individuals from interfering in others' domain and safeguard the independence of individuals. So far as civic and economic life is concerned, it should wholly be based upon individuals' efforts and enterprise: in accordance with their own wit and wisdom. In this whole process the government should not interfere either as an administrator or as a guide. Besides in politics they also wanted that the authority of governance should neither be in the hands of royal family nor it should be the monopoly of feudal landlords. State belongs to the general masses. The whole business of governance is carried on by the taxes paid by the masses. Hence with their approval only government should be installed, dismissed and changed; and their own voice should be the deciding factor in legislation and

administration. These were the theories which formed the basis of modern democracies which were established towards the end of the eighteenth century.

In economics, the principle on which they laid their whole emphasis was that if the natural laws of economics were allowed to operate without external interference, then on the basis of individuals' efforts only the cause of social justice could be served production could be much more and its distribution also could be through better ways, provided that people are allowed the freedom of effort and enterprise and no artificial influence is exercised by the govt. The same principle of unrestricted economy formed the basic formula of free enterprise.

Undoubtedly the broad minded approach of the era of industrial revolution bore some elements of truth just the same way as the all-pervasive approach of the Renaissance era, and ultimately it is these elements that were responsible for its success. But again here the two basic deficiencies of the western mind were inherent in it, which we have been observing to be in vogue from the days of papal and feudal systems, viz selfishness and extremism.

The characteristic feature of selfishness was that it lacked sincerity in its demands for justice and fair play. The real intentions for the right principles they advocated was not their sense of justice but it's being beneficial for their causes, and the proof for this lay in the fact that they were not willing to concede the same rights to the labour classes and the poor masses which they espoused for themselves.

So far as extremism is concerned it was evident in every statement of their writers and intellectuals. They



took certain truths and exaggerated them beyond limits and totally turned a blind eye to certain other truths. In the place that was reserved for truths in everyday life, there also they installed their own popular truths, every truth exaggerated beyond limits becomes a falsehood and produces negative results. This state of extremism is rampant in every facet of life, which is an outcome of the theories of "liberalism", "individualism" and "republicanism". But since our present topic revolves specifically around economics, hence disregarding other facets of life and focusing our attention on economic aspect only, we will highlight the unbalanced economic system these people have evolved by adulterating the natural laws of economics with selfishness and extremism, and the results this exercise has produced.

## **Modern System of Capitalism**

As hinted earlier the structure of economic system which was raised on the basis of unrestricted economics founded on the theory of liberalism was given the technical name of Modern Capitalism.

### **Principles of Uncontrolled Economy**

The basic principles of this system are the following ones:

#### **1. Right to Personal Ownership**

Right to possession of not only those articles which a person uses, like clothes, utensils, furniture, house, transport, livestock etc, but also the right to ownership of those goods which a man uses in the production of goods of consumption like machines, instruments, land, raw material etc. So far as the first kind of ownership is concerned, they are accepted without controversy in every system; but the discussion arises in the case of goods used as means of production whether the right to individual ownership of these also is legitimate or not. The foremost feature of capitalism is, it accepts this right but rather this right is the corner stone of this system.

#### **2. Right to Freedom of Activity**

The right of individuals to use their resources, either individually or collectively in the form of small groups, in any field of activity: As a result of this right they are the sole owners of the profit earned. And they have to bear

any loss in their business. No one else has any say on sharing their profit and they alone have to face the risk of loss, if any. They have full freedom to increase or decrease their products and goods of consumption, they are free to fix whatever price they deem fit, free to avail services of as many persons on daily wages and salaries, they must accept any conditions and responsibilities and evolve any rules they want. All transactions between the buyer and the seller, employer and employee master and servant, pertaining to their business must be settled independently and on whatever conditions are set in mutual agreement must be enforced.

### **3. Personal Profit a Motivating Force of Activity**

In the capitalist system, the factors on which the production of consumer goods and its improvement is based, is the greed of profit and the expectation of gain which is naturally inherent in every human being operating as a motivating force. The proponents of capitalism claim that there cannot be a better alternative to this motivating force. As you decrease the possibilities of profit making, to the same extent will the human endeavour decline. Keep the options of profit making open and provide opportunities to everyone to earn as much as one can according to one's own abilities, everyone will start working more and in improved ways. In this way production will automatically increase, its standard will keep improving, all the available means and provisions will keep being utilised, the distribution of consumer goods will keep expanding and the greed of personal profit will automatically extract the services of social benefits from individuals which cannot otherwise be availed.

#### **4. Confrontation and Competition**

The advocates of the capitalist system assert that this is the sole factor in the uncontrolled economy which prevents selfishness of individuals from expanding beyond reasonable limits and keeps establishing moderation and balance among them. Nature has itself provided this arrangement that in the open market, when there is a large number of manufacturers of the same product, when there are too many traders and buyers, then on account of humility and modesty, a reasonable standard of price is automatically established, and profit earning can neither increase on an everlasting basis nor can it decrease beyond limits, although accidental rise and fall in prices is altogether a different matter. In the same way, employers and employees also keep maintaining a balanced standard of wages and emoluments in their respective positions, provided the competition is open and free and it is not suppressed by monopolies.

#### **5. Distinction Between Rights of Employers and Employees**

In the capitalist system, members of every business organisation are divided into two categories. The proprietor who promotes and runs the business or industry on his own responsibility and is solely responsible for its profit and loss till the end. The other employees and servants who are not concerned with the profit and loss, spend their time, their labour and skills and collect their wages as agreed upon. Quite after there is a continuous loss in the business, but the employee takes away his wages. On many occasions the business totally flops, by which the proprietor is fully ruined but for the employee the only difference is that today if he was working in this

business establishment or factory, tomorrow he finds another one. The supporters of capitalism assert that the nature of the deal automatically settles the issue that is in consonance with justice and fairplay, the person who suffers the loss and takes the risk of running the business should be one having exclusive right to profits. As far as the employee is concerned he is entitled to reasonable wages settled as per prevailing market rates. These wages should neither increase on the plea that there is an increase in profit nor should it decrease on the ground that there is a loss in business. The work of the employee entitles him to the wages agreed upon and gives him the right to the agreed upon wages only. If at all there is an increase or decrease in the wages, it will operate under the natural laws governing the rise and fall of prices of commodities. If the number of employers are less and those seeking the job are more, then the wages will automatically be reduced. If the number of employers is more and the number of employees is less, then the wages will go up on their own. The work of an able and intelligent worker will automatically fetch him better wages and the owner of the business concern, in the interest of his own benefit, will keep him happy by offering rewards and promotions. Even the worker also will strive with all his heart and soul accordingly as he is paid the wages. The wishes of the proprietor will naturally be to get more and more profits for lesser and lesser investments. Hence they will be inclined to fix the wages on a low scale. On the other hand, the longings of the workers will be to satisfy their ever increasing needs with ease and that their standard of living keeps rising. Hence they will always be inclined to keep rising. Hence they will always be inclined to demand increased wages. On account of these conflicting attitudes there is bound to be some confrontation. But, just as it

happens in all matters of the world, in this matter also such wages will be fixed by mutual humility and modesty, which will be acceptable to both the parties.

## **6. Dependence on Natural Reasons of Growth**

According to the advocates of the capitalist system, when the total dependence of profit in a business is based upon less investment and more output then his own self-interest dictates a businessman to adopt more and more scientific ways of increasing production, to maintain his tools and machinery in good condition and to procure large quantities of raw materials at a lesser price and to always apply his mind to improve his methods of dealings and management. The internal logic of uncontrolled economy gets all this accomplished without external intervention and artificial planning. Through the struggles of a multitude of diverse individuals and groups, the natural laws by themselves perform the task of social progress and prosperity which cannot otherwise be undertaken so nicely by any social planning. This is planning by nature which unconsciously comes into play.

## **7. Non-Interference of State**

The supporters of this system contend that the best work of social welfare can be performed on the basis of the above principles when people are provided with opportunities to work without hindrance and impediments. Nature has provided such cohesion in economic laws that when they operate in unison, it results in the welfare of every one even though a single individual is struggling for his own profits, as has been shown above. Then people see the outcome of their struggles in the form of unlimited

profits, they exhaust all their energies and skills to earn utmost profits. On account of this best of goods are inevitably produced in abundant quantities. Then there is competition in the open market among businessmen, manufacturers and raw material suppliers, then a moderation in prices automatically sets in, the standard of the products by itself goes up and we keep getting the signals as to what kind of products the society needs. In this whole business, it is not the job of the government to unnecessarily interfere in the natural process of production of wealth, but its only function is to create a congenial atmosphere wherein the individual freedom of activity is ensured to a maximum extent. Its job is to establish peace and law and order in society, safeguard rights of proprietorship, to implement agreements by force of law and to protect the state and its affairs from external invasions, dangers and conflicts. The position of a state is to function as a judge, a supervisor and a guard and not to itself become a businessman, a manufacturer and a landlord, and nor to stop the businessmen, manufacturers and landlords from their work by a constant interference.

### **Causes of Defects**

These were the principles which were presented very vigorously during the period of the birth of modern capitalism, and because there was some element of truth in them in spite of exaggeration, hence they gained acceptance from the world. In reality there was nothing new in it. All the principles were the same on which the whole process of economic activity was being carried on from times immemorial. If at all there was any modernism, it was in the forceful exaggeration of some principle which these bourgeois elements applied on the

economy of the period of industrial revolution. Furthermore, they did not raise their entire system on natural principles only as stated above but adulterated the same with a few wrong ones also. Again they ignored a few other principles which are as important for a natural system of economy as are the rules, outlined above, for free economy. Together with this, owing to their selfishness, they contradicted a few principles which they had themselves put forward. The combination of these four elements became the root cause of the defects which ultimately afflicted modern capitalism and assumed such proportions that there was a general commotion against it.

Briefly we have to take stock of the defects:

(1) The "natural laws" these people frequently refer to in support of uncontrolled economy are not true to the extent of exaggeration these people not only say in their statements but also apply in their activities. Lord Keynes has rightly said that "such a powerful reign of moral and natural laws is not established in the world by the force of which concord and harmony between individual interest and social interest keeps essentially operating. This conclusion from the principles of economy that enlightened selfishness always tries to serve the cause of social welfare is not a right conclusion. It is not correct to say that selfishness is always enlightened. More often than not it is observed that those who struggle for their individual aims are so unwise and weak that they cannot fulfil their own aims, then where is the cause of social interest being served essentially and continually at their hands."

Not only that these exaggerated truths were not rationally sound but from experience, the behaviour of the capitalist bourgeois has itself proved that their selfishness



was not enlightened. They formed a group against the interests of the three, the purchasing public, the wage earners and the government creating peaceful atmosphere and hatched a conspiracy among themselves that all the benefits of the industrial revolution will be cornered by them. Their mutual conspiracy demolished their most powerful argument which they were advancing in favour of open economy i.e. through natural modesty and humility a balance of profit among people is established. That is why even Adam Smith who was the greatest advocate of open economy had to ultimately say:

*"Very rarely it happens that whenever businessmen assemble at any place, their meeting ends without hatching a conspiracy against the public or resolving to increase the prices. Crossing all limits they go to such extents that they never spare any opportunity of a get together even in social gatherings to commit this crime."*

In the same way, their claims regarding right to personal property and freedom of action were also exaggerated that under these provisions individuals are guaranteed certain rights on which no restrictions should be imposed. If a person utilises his proprietorship in such a way that it affects the livelihood of thousands of persons or if an individual adopts such a course for his personal profits that it casts harmful effects on the health, morality or safety of the entire society then why at all should he be allowed a free hand for carrying out his activities and why should not the law impose such restrictions on the use of his personal rights that it does not become harmful for the social benefits? The topic of non-interference of the government has been extended beyond legitimate limits to such an extent that it cannot remain without producing the ill-effects. Then powerful individuals joining hands try to

take illegitimate benefits from the masses, and the government either remains a silent spectator or tries to safeguard the interests of the powerful individuals only, then its logical outcome is commotion and when it sets in, it is not restricted to rational ways only for its manifestation.

(2) During the period of industrial revolution their exaggeration of the principles of open economy was particularly wrong. Owing to industrial revolution, the basic change that occurred in the mode of production was that the job that was formerly performed by human and animal power was now replaced by machine power. The import of installing a machine was that only ten persons would now perform the work which was formerly done by thousand persons. It is inherent in the very nature of this kind of productivity that employs a few persons and renders the thousands jobless. For such a system, a claim of absolute right of ownership and freedom of struggle and a demand for non-interference of government was principally wrong. How could it be legitimate that a person or group of persons, only because they have the means to do it, suddenly establish a factory to manufacture certain goods, without bothering as to how adversely it affects the employment prospects of the populace of the region, who were formerly manufacturing the same goods sitting in their own houses, shops or in the mini-factories of handicraft? It does not mean that industry should have been denied the beneficial power of machines. The point is, indiscriminate permission for the use of machine power should not have been given and the government should have been concerned from day one to make provision simultaneously for the employment of those rendered jobless by this industrial power. Since this

was not done, the moment a mechanical mode of production came into existence, a permanent problem of unemployment in human society arose on such a vast scale that history was not familiar with previously. And it is obvious that unemployment is not the name of a single problem but it is a progenitor of man's varied complex problems pertaining to their materialistic, spiritual and civic life. The question is, what right an individual or a few persons have to exercise their right of ownership in such a way as to cause intense complexities in social life. And how could any wise person claim about this kind of exercise of proprietary rights that it is an enlightened selfishness which by itself serves the social welfare of society? About such kind of extravagance (in exercise of ownership rights) how foolish it would be to expect the national government to be a silent spectator after granting a free licence to keep its eyes closed from the ill-effects of the activities of a small group having a overbearing influence on the life of the entire nation?

(3) Again when this mode of production rendered lakhs of people unemployed, they were compelled to abandon their villages and sub-urbs and flock to those big factory owners and businessmen for employment, then inevitably its consequences should have been and so it happened that these job seekers, dying of hunger were constrained to work for as little wages as possible which the capitalists offered them. Every one of them could not get employment and a considerable section of the men capable of doing jobs remained permanently unemployed. Even those who succeeded in getting employment were not in a position to bargain for better conditions, as it is they who had come in search of employment and if they refused to work on the conditions offered by the capitalist,

they had no means even to arrange for an evening's meal, and at the top of this if ever they showed any stubbornness, there were other thousands of hungry men ready to pounce upon this employment on the same conditions. In this way the arguments of the bourgeois which they offered in favour of the principle that in an open competition, owing to humility and modesty fair wages between the employer and the employees will get fixed, was proved to be erroneous. Because in reality, along with competition the condition of its being "open" was lacking. Here the situation was that one person first depriving thousands of their livelihood took it in his sole control and when they came to him suffering from acute hunger, he agreed to give employment not to all of them but to a tenth or twentieth of them. In these conditions it is obvious that all the power of bargaining got concentrated in a single person's hands and no one from among the thousands seeking employment was able to get his conditions accepted. That is why in this era of industrial revolution, as modern capitalism was progressing, apart from unemployment, poverty and deprivation was also on increase in society. Those who assembled in big industrial and commercial centres for earning their establishments, they had to agree to work for lesser wages and long hours of toiling. They started working like animals and living in worse conditions than beasts in dark and dungeon like houses in cities. Their mentalities became mean and their character began to deteriorate adversely. In such circumstances where selfish interests prevailed, there was no sympathy left even between father and son and among brothers either. Offspring's for their parents and wives for their husbands became a burden. Thus there was no sector of life which was spared from the evil effects of this unilateral kind of free economy.

(4) In addition to this, the same bourgeois class, who were the strident advocates of liberalism and freedom and who had wrested their voting rights from the land lords, were not willing to concede the same right of franchise to the lakhs and crores of people whose masters of livelihood they had become. They were willing to concede this right for themselves, that the proprietors of each and every profession and trade could form their own associations and fix through mutual agreements the rates of goods, salaries of servicemen and wages of labourers. But they were not willing to concede this right of wage earners that they too could organise themselves and bargain with a collective power for better wages and salaries. The paradox is, they were insistent on their right to close the factories whenever they choose to and render thousands of wage earners unemployed, thereby condemning them to hunger and want and force them to agree to work for meagre wages. But they were not willing to accept the right of labourers and salaried class that they too had the right to go on strike and try to increase their salaries and wages. Apart from this, they regarded it absolutely legitimate that such persons must be discharged who get old, fall sick or otherwise get impaired in the course of working in their own factories and business establishments. But the request of such a person was wholly illegitimate who pleaded, "Sir! I have exhausted all my energy, health and youth in the progress of your enterprise and now after draining all the strength of my limbs and life, where should I go now with a frail body to fill my stomach?" At this stage, the bourgeois completely forgot their argument which they offered in defence of personal interest being a real initiative for action. They could very well remember about themselves that if the possibilities of their profit are infinite, then they would

work tirelessly and this will automatically serve the collective progress and well being of society but they forgot about their employees and labourers as to why at all should they work with their heart and soul and take due interest in their work whose profits are not only limited but also meagre and whose present is bad and future is bleak?

(5) Apart from this, deviating from the natural and rational ways of doing business, these people started adopting such ways which are totally opposed to social welfare, which cause the prices to rise artificially, thereby halting the production of wealth and retarding the progress. For instance: "This method of endlessly buying the consumer goods on the strength of their capital and stacking their godowns until there is more demand and less supply in the market.

"And this method that in between the producer and the consumer of the goods there are hundreds of people who on the basis of their mere bank accounts and telephone bills, keep buying and selling in absentia, each time adding their profits severally and thereby increasing the prices, without these middlemen ever having to take any trouble in procuring, producing or making it useful for which they will be entitle for any profits.

"And this practice that the manufactured goods must be consumed to fire or dumped in the seas apprehending a fall in prices if goods on a vast scale reach the market;

"And this mode that on the basis of excess capital, luxury goods be manufactured and through advertisements, enticements and free distribution and false propaganda, create its demand and thrust it as a necessity

of life on those poor and middle class people who are unable to address the pressing problems of their lives.

“And this method that capital and labour should not be utilised in the provision of goods which meet the dire and pressing needs of the masses but rather invest extravagantly on those unnecessary goods which fetch greater profit in comparison with the former type of goods.

“And this method that a person or a group of persons, on the strength of their capital, keeps constantly producing goods which are injurious to health, that promote moral corruption and cause degeneration in civilization and culture; and publicise the same by making it attractive by appealing to their basic instincts and drawing them towards their products, rendering them insane to part with a sizeable part of their meagre incomes in buying them, even though the incomes of these poor persons are highly insufficient to fill their children’s and their own stomachs.

“And the most dangerous and destructive of all, this method that for their own commercial and financial benefits, the rights of weaker nations be usurped and divide the world in various pockets of influence and the big bankers, artisans and traders of every country, using their respective nations as tools to subserve their excessive ambitions, should entangle them in such permanent conflicts against each other which could neither be settled on a battle field nor in a peace conference.”

Are all these really a proof of the fact that if persons are allowed uninhibited freedom to pursue their self-interest, collective welfare of society will automatically be served? This way they have proved from their own actions that unfettered selfishness is least enlightened, specifically

when economic and political power is also concentrated in their hands and they happen to be law makers too! Under these circumstances, their efforts will mostly be not in the interest of the welfare of the community but to sacrifice the welfare of the society at the altar of their personal welfare.

(6) Above all these, the further tyranny they added to this was they decreed that it was just and legitimate for individuals to accumulate capital and invest it for running a business for earning interest. Interest as a despicable evil has always been present in many societies of the world, and the laws of the world have invariably tolerated it with certain disgust. After the ancient "Jahiliyyah" (dark ages) of Arabia, the distinction of upholding this goes to the credit of the bourgeois intellectuals of the modern 'jahiliyyah' of the west, for giving it a rational outlook and making the same a formidable basis of the entire financial system and legislating the national laws in such a way as to become a supporter of the interest earners rather than the debtors. About this magnificent error and its consequences we have discussed in detail in our book "INTEREST" but in the course of the discussion here it is enough to beckon that the result of making interest the basis of debts and financial transactions was that the flow of power, wealth, influence and other benefits which was already one-sided due to the uninhibited industrial revolution became even more one-sided owing to this practice and on account of this the imbalance in social life reached its climax. Now the most fortunate ones among the people were those who were sitting cosily after somehow or other gathering a certain capital. People with mental potential, those toiling hard, conceptualising schemes, engaged in administration and running the



affairs at every stage at the cost of their lives and offering their services in procurement and production and in short everybody would be reduced to a nullity before this single person who is comfortably sitting at home after having lent his capital in business. The profit of all these persons is uncertain and unfixed whereas this person's is certain and fixed. For everybody there is a risk of loss but for this person there is a guarantee of profit. All these persons are constrained to take due interest in the ups and downs of the business and he alone, free from all worries, is concerned only with his interest amount. If the business appears to be on the upswing he starts recklessly investing in it, until the possibilities of profit start receding. If the business appears to be on decline, he does not extend a helping hand but starts withdrawing his earlier investment also until the entire world is caught in the grip of recession. In all circumstances, losses, hardships, risks are all meant only for others. And for him the utmost if anything is the rise and fall in his profit. It is not only the businessman, the artisan and the landlord but even the governments have become his servants. They construct roads, railways, canals and other utilities from the capital provided by him and for years – nay for centuries – keep collecting the interest from every person and remitting it at his house. The extreme position is if the nation is faced with any war, the national exchequer can easily relieve itself from the burden of all those who suffer loss of life, undergo amputation of their hands and legs, ruin their homes and get deprived of their fathers, sons or husbands, but for those few persons of the very nation who have advanced some capital by way of loan, their interest amount is kept being paid for one hundred or two hundred years and in the payment of this interest, even those who have, sacrificed their lives are obliged to make their

“contribution.” In this way the interest bearing financial system commits in every way on all fronts a multilateral injustice on the real wealth producing agents of society. It has handed over the reins of entire social economy in the hands of a few selfish capitalists who are neither interested in the welfare of the community nor accomplish any service in the social sector, but because the life of the entire economic transaction viz the capital is in their grip and the law has entitled them to freeze the capital and run it on interest transactions, they have not only become the dominant partner of the wealth produced by the collective labour of the community but have also acquired the power to make the entire community their servant and keep playing with the fortunes of countries and nations.

(7) The new society that came into existence on these foundation of modern capitalism was bereft of sympathy, cooperation, kindness, affection and all sentiments of this kind and was in contrast brimful with opposite qualities. In this system it was not imperative for a brother, let alone strangers, to support his brother. On the one hand the invention of every new machine was rendering hundreds and thousands jobless and on the other hand it was no body's — government's, society's, factory owners', banker's — responsibility to make arrangement for the livelihood of those who are driven to unemployment or are unable to work or go crippled. Over and above this, this new system created such conditions and evolved such ethics in a common man that it was not obligatory on the part of anyone to support a fallen or a falling man. For accidents, sickness, death and all other uncongenial situations whatever remedies this system had suggested was for those who were currently earning and earning much more than their present needs and are able to spare

some amount by way of savings, but where should those who were not earning at all or earning just for subsistence go for help in their hour of need? Modern capitalism has no answer for this other than that such a person should go to a pawnbroker and mortgaging his clothes or house utensils or the jewellery of his wife, borrow the amount at a tremendous rate of three hundred percent and if this debt along with interest cannot be paid, then for the repayment of the same loan and interest he should further borrow from the same money lender.

(8) Obviously when lakhs of people are unemployed in society and crores underemployed to such an extent that in spite of dire needs people are not able to buy the goods overflowing in the shops, then how can industry and business flourish? For the same reason we are witnessing this strange phenomenon that although there are innumerable resources that can be tapped, and crores of people capable of working are also available and the people desirous of buying the consumer and luxury goods are also in crores; but in spite of all this, the factories of the world manufacturing goods much less than their capacity are not able to ensure its full consumption in the market only because the people have no money to buy, and lakhs of unemployed people cannot be given jobs only because the little quantity also that is manufactured cannot be sold in the market, and the capital and natural resources also cannot be fully exploited because the limited scale on which they are utilised are proving to be unprofitable, then where is the question of venturing to invest more capital for further improvement of natural resources. This situation cuts at the very root of their argument they advanced in favour of their contention that the struggle of the individuals in pursuit of their profit in an uncontrolled

economy automatically makes provision for development of resources and enhancement in production. Let alone improvement and augmentation, experience has proved that they have created impediments by their foolishness in the way of their own profits.

## Socialism and Communism

These were the real reasons on account of which defects appeared in the system of civilization and livelihood produced by industrial revolution. By pondering over the analysis we have presented in the previous pages about this, it becomes obvious that the cause of these defects were not those natural principles which the bourgeois class was advancing in favour of uncontrolled economy but the real cause was those errors which they had mixed up with the correct principles.

If it had been timely realised and the westerners were able to get the wise guidance with the help of which they could create a balanced and moderate economy, then the industrial revolution would have been a boon not only for themselves but for the entire world. But alas, the western mind and character exhibited the same weakness in this era also which they had shown in the previous eras and the later history also advanced on the same immoderate track on which it had already fallen having gone astray. The position which previously the land lords, the ruling elites of the church and the royal family occupied, the bourgeois class resumed the same place of haughtiness and oppression; and formerly where the bourgeois class was standing demanding their rights and articulating their grievances and complaints, on the same place now came and stood the masses of the professional labour classes. The way the contented classes of the feudal system, misusing the axioms of religion and morality and laws of nature, formerly tried to gag the mouths of the deprived

classes in support of their undue distinctions and improper "rights" and oppressive restrictions; now the contented sections of the capitalist system started doing exactly the same thing. As previously, the way the bourgeois people, in sheer, obstinacy and frustration, instead of trying to understand their real mistakes and effectively causing there prevention, exhausted, all their confrontational force against those axioms their rivals invoked, now in the same way the toiling masses and their leaders, in their rage and anger lost the balance of mind and vision. Instead of directing their attacks on the real defects of bourgeois civilization, they focussed their ire on the natural principles that have been the basis of human civilization and livelihood from times immemorial. The middle classes inspite of their weaknesses and defects, are intelligent and educated to some extent. That is why in the midst of their grievances and obstinacy they maintained a semblance of balance of mind. But centuries of suppressed masses who lacked knowledge, intelligence and experience and everything else, when they turned ebullient due to hardships and grievances, there was no question of their weighing the pros and cons before accepting anything. The most compelling appeal for them lay in the school of thought which satisfied their demands of utmost hatred and revenge against the bourgeois.

It was this honourable son born of the extreme frustration of the poor masses which was christened as socialism.<sup>1</sup> After the birth of modern capitalism, a little

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<sup>1</sup> The real meaning of socialism is "gathering" and this terminology, was evolved in contrast to individualism on which was based the structure of modern capitalism. Under this nomenclature, a great many ideologies and theories had already started appearing even before Carl Marx whose common objective was to evolve such a system of life which can collectively promote the welfare of the entire masses. But all these remained

more than half a century had not passed when this was born and after its birth a little more than half a century had not passed when the world was brimming with its tumultuous uproars.

### **Socialism and its Principles**

The authors of this ideology started with an attack on "ownership rights". They said, the root cause of the defect was the same evil. If clothes, utensils and furniture and similar other items remained under individual ownership, there is no harm; but on land, machine and its instruments and such other items which are producers of wealth, there should never be any ownership rights for individuals. Because any one becoming the owner of any of these will be producing wealth. If he produced wealth he will accumulate it; if he accumulates it he will buy further land or machine and increase the means of production of his wealth, if he increased his wealth, he will employ others on wages or salary or lease his land on rent and when he does this, he will inevitably be doing all that a bourgeois does. Hence cut off the root which produces this evil. (Adverting to the far-fetched connection in Ghalib's couplet avers) If the life of the moth is to be saved, prevent the honeybee's entrance in the garden.

The question arose that, like the rights of ownership of consumer goods, the proprietary rights of means of

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on paper. Marx came forward to answer this common call in the form of a particular type of socialism which is variously named as "scientific socialism", "Marxism" and "communism". Here we are discussing the same because it is this that took roots in the ground. With regard to technical terms, disregarding the academic delicacies, we are using those terms our Urdu reading public is already familiar with or the Urdu language can easily assimilate.

production is not a present day thing that the bourgeois capitalist had authored. These are the foundations on which the structure of human civilization and livelihood is built from the most ancient times. How to take a superficial decision to uproot such an age old practice. In response a whole history was fabricated instantly, that in the beginning of the mankind there were no individual rights of ownership on the means of production, it is only much later the powerful sections established the same owing to their selfishness.

It was told that all religions, all ethical systems and the laws of the entire world have accorded approval to these rights, none from among them have adopted this stance that the state of civilization and economy is intrinsically wrong which regards means of production as an individual right of ownership. In response, without a moment's hesitation it was claimed that religion, morality and laws have always been the tools of exploitation in the hands of the dominant sections. The sections that came to establish monopoly on the means of production of wealth, were constrained to evolve certain theories, principles and rules and regulations in order to make their monopoly more secure and strong, and those persons who formulated these in accordance with their aims and objectives were designated as prophets, saints, teachers of morality and law makers. The toiling masses have long been under the spell of this deceptive talisman, now they are bent upon smashing it.

It was criticised that in order to eradicate and put an end to these rights a severe conflict will be set in motion in which the different constituents of the same nation will be entangled among each other and a conflagration of class war will flare up in every town and every village. —



Before long, an entire philosophy of history was fabricated in which it was proved that the evolution of the entire human civilization has been brought about through class wars. There is no way of evolution other than this!

It was further criticised that to work for personal benefit is instinctive in human nature and every person born from the mother's womb comes into this world with this inclination. When you snatch away the right of ownership of means of production from individuals and leave no opportunity for earning as much profit as they struggle for, then the passion for working will not flourish and will ultimately lead to the destruction of human civilization and culture — pat came the instant reply, nature? Instinct? Hereditary inclinations? What kind of bourgeois talks are you indulging in? There are no such things inherent in human beings. All his inclinations are a product of social environment. Change the environs and create new ones, his mind will start thinking in another way, his heart will become the centre of other kind of passions and a new kind of inclination will start surfacing from the personality of the man. As long as the system of individual ownership persists people will be "individualistic in their vision" and when a system of collective ownership is established, the same people will be ingrained with a "vision of collective ownership."

It was enquired, after termination of individual ownership how will the entire economic transaction be carried out: — It was replied that all the means of production (land, factory and every kind of commercial and industrial establishments) will be handed over to national ownership after withdrawing the same from the hold of individuals. Those of them working in these establishments will be entitled to its profits which would

be distributed among them, and with the votes of these members only, managers will be elected in whose control the management of the entire economy will lie.

The question arose, after putting an end to the ownership of those who are the proprietors of lands, factories and other means of production, in what way will a collective ownership be established? Two different answers were given for this question:

One school of thought replied that democratic means will be adopted for this change, after cultivating a favourable public opinion, political power will be captured; and through legislation, farming lands, industries and businesses (in certain circumstances without compensation and in others with compensation) will be progressively concerted into collective ownership. These are the people for whom the word "socialist" is commonly specified, and at times it is referred to as "evolutionary socialism."

The people from the other school of thought said that this change cannot be brought about by democratic methods, for this a revolutionary method is inevitable. Deprived and professional labour classes will be organised and in every possible way war will be waged against those possessing proprietorship. Bourgeois government will be overthrown. Dictatorship of the labourers will be formed. From the landlords their lands, from factory owners their factories and from business owners their businesses will be forcibly snatched away. Those offering resistance will be exterminated. After doing away with all classes, the entire population will be converted into a single class (i.e. a class that earns its bread by working with hand). Through laws it would be prohibited for any person to employ other person or persons on wages and earn the

profit.<sup>1</sup> When this revolution is completed and if there is no more the risk of the capitalist classes reviving themselves, this dictatorship will by itself (God only knows how?) wither and fall and automatically (don't know how?) a new system will take its place in which without government or force all aspects of life will be carried out by mutual consent, consultation and cooperation. This second version is called "revolutionary socialism" and the same is regarded as "Balshivism". It is also called as "Marxism". But now, the world knows it by its favourite name "communism".

Till seventy or eighty years, this new ideology of socialism, with its innumerable branches and different schools of thought was spreading in Europe and other countries under its influence. In the beginning this was a peculiar whim that germinated in the heads of a few fanatics whose preface, arguments and results were utterly absurd and it was gaining acceptance only among the enraged labour classes, not on the basis of rationality but on account of provoked passions it was becoming popular. But among the interesting weaknesses of the west this is also one that it very much likes peculiarities, especially when it is extremely absurd and one who is presenting it should, with unhesitating recklessness, demolish the universally accepted truths and arrange his claims in such a scientific way that it creates<sup>2</sup> a "system". These

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<sup>1</sup> Let it be known that from the point of view of communist ideology if any tailor and baker were to undertake sewing of clothes or making of bread, this is entirely legitimate. But if he were to employ a lad on wages or salary to take his help, then that very moment he becomes a bourgeois and his entire business will become such a severe crime, for which the least punishment is no less than confiscation of his property.

<sup>2</sup> This is not being said owing to any geographical prejudice. The state of western oriental mind that is born in the east is far worse. It is at least a boon that a western mind after seeing a peculiar thing is drawn towards it

properties are found to an optimum level in "scientific socialism." That is why many an intelligent lower middle class people and even from the bourgeois class a few fanatics and clever people turned their attention towards this ideology. In its exposition and interpretation, calling and preaching they started producing leaps of books, magazines and news papers. In the countries of the world, various parties owing allegiance to socialist ideology organised themselves and ultimately a multitude of human beings started thinking seriously that a coherent system of civilization and economy could be built upon this ideology.

### **Communism and its Balance Sheet of Profit & Loss**

As far as evolutionary socialism is concerned, it has not yet presented its model to the world to provide a clue as to how it could convert individual ownership into collective ownership, and what results it would ensure heaving aside this aspect, we will analyse revolutionary socialism viz take stocks of its achievements, which taking advantage of the first world war of 1914-18, in fact set in motion a revolution and in accordance with their theories established<sup>1</sup> an entire system of civilization.

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and appreciates a system and a scientific way, but here that slavish mentality is in the offering, that only sees as to which western scholar has said it to be swayed and awe-struck.

<sup>1</sup> Let it be understood, that the difference between socialism and communism is that of the mode of implementation. So far as the principle that means of production be brought under collective ownership, it is common in both of them. Hence leaving aside the mode of implementation, whatever discussion will be undertaken regarding the benefits and harms of nationalizing the means of production will equally apply to both the ideologies.

As the Russian socialism is a subject of heated discussions and debates from the past several years, there is a great deal of tension going on between its proponents and opponents in drawing a balance sheet of profit and loss. Its supporters include many a thing in the profit side which are essentially not its profits but are the fruits of the management being in efficient and capable hands. On the other hand its opponents place many a drawbacks, which are not by themselves the defects of the socialism, on the side of loss; whereas these are the results of tyrants and mean persons coming to power. This method of the supporters of socialist Russia that they compare the poverty, illiteracy and backwardness of Czarist Russia with the present state of academic, intellectual, industrial and civilised conditions of society in Russia whatever progress is obtained after addition and subtraction is put in the accounts' of the blessings of socialism, is in no way a correct method. In the course of thirty to thirty two years, whatever progress Russia has made, if it is compared with the progress made by America, Japan or Germany during the same thirty to thirty two years, the ratio will perhaps be more only. For instance, in 1868 whatever position Japan occupied with regard to education, industry and handicraft, natural resources and production of wealth; and when it defeated Russia in 1904, what position did it reach in those respects? Or what was the condition of Germany in 1870 and till the beginning of the twentieth century what stage had its citizens reached with respect to their academic and intellectual condition and what stage had its economic resources with respect to production reached? If we make a comparison of these improvements with those of Russian developments of the same period then how much asset really worthy of pride could be shown in the accounts of Russia? Again should this

principle be accepted that if a country has made an extraordinary progress in a particular period then all the credit should be written in favour of the principles which form the basis of the system of civilization and economy of that country? But in actual practice, many a times it so happens that the entire gamut of social life is being run on wrong principles, but the individual virtues of leaders and efficiency of their assistants produce very splendid results. In the same way the draw backs of socialist Russia which their opponents refer to are many of those that are more or less found in the same way in the rule of non-socialist tyrants. Then what is the reason that we withdraw all of them from the accounts of wicked individuals and consign it to the accounts of the principles on which the system of civilization and economy is established?

## Benefits

After separating the unconnected events, if we view the real feat of socialism which has come to our notice on account of Russian experience, then we come across the things in the columns of gains.

- (1) After extracting lands, factories and businesses from individual grip, the ensuing gain was that, the profit between the value of goods and market price, which previously land lords, mill owners and businessmen used to corner, it now started flowing in the state treasury.
- (2) By bringing the means of production of all countries under the control of a single administration, it became possible to improve them as much as possible with deliberate and meticulous planning and put the same to utmost beneficial use on the one hand and keeping the needs of the entire country in mind, to try to achieve

them by implementing well organised policies on the other hand.

- (3) After establishing control over all the resources of wealth, when the government with comprehensive planning started managing it, it became possible for the government to employ all capable persons and also to train them by imparting education and training in accordance with a well-planned scheme and prepare them in such a way that as many people as are required for different professions and services for the social economy be turned out.
- (4) When the profits referred to above in (1), obtained from agriculture, industry and business came in the hands of the government, it was enabled to spend a part of the profit on the organisation of "social insurance." The meaning of social insurance is that all those people capable of working in the country or rendered temporarily or permanently incapable of working or due to sickness, maternity or various other circumstances, are constrained to seek help, they may be extended help from a common fund.

## Drawbacks

There is no doubt, the diseases which the open economy had given birth to, were fairly treated with this operation but at what cost to Russia? For the eradication of earlier diseases, what new ailments it brought? We will now make a review of it.

(1) To take away lands, factories and other means of production from the grips of individuals and convert the same into collective ownership was by no means a child's play that could be accomplished in all happiness. This was a very hard task which could be performed by a sustained

oppression carried on for long years. Every person can very well realise, that when lakhs of people are sought to be deprived of their big or small holdings of their property, they will not easily acquiesce. To bring this scheme into operation, it is estimated that nearly nineteen lakhs of people were done to death, twenty lakhs of people were subjected to various types of punishments and forty lakhs of people had to flee from their country and scatter themselves throughout the world. To implement just one scheme of collective farming, the way lakhs of small and average landlords (kulaks) were ruthlessly subjected to ruination, even the ardent supporters of Russia screamed in anguish.

(2) The people who are the legitimate owners of their properties according to the universally accepted principles of religion, morality and law, in order to deprive them of their properties to implement a self-made and peculiar scheme, then inevitably you have not only to deny all the religions and principles of morality which are in conflict with your ideology but also you have to apply all the force to destroy the owners along with the ownership. Furthermore in order to implement this scheme with every kind of mercilessness, ruthlessness, oppression, falsehood and deception, you will be constrained to evolve a totally new ideology of morality under which the commission of every kind of oppression, mercilessness and stone heartedness is legitimate. That is the reason why the socialist leaders and its members, to implement the revolution in their agenda, undertook a rigorous propaganda against God and religion and severely crushed the religious classes of Muslims and Christians along with the bourgeois class and created a new theory of morality, which in the words of Lenin is:



*"We reject every morality which is based on the concept of heavenly world or which is extracted from such thoughts that are alien to the concept of class-based society. In our view, morality is absolutely and wholly subordinate to class conflict. Everything is morally legitimate which is necessary to exterminate the old profit earning collective system and to unite the professional labour classes. Our morality is only this that we become extremely strong and organised and wage a war with consciousness against the profiteering classes. We never accept that there are also a few eternal and everlasting principles of morality. We are bent upon tearing apart this veil of deception. Socialist morality is nothing more than to wage a war to firmly establish a dictatorial rule of labourers.*

*"It is inevitable in this task to make use of every trick, deception, unlawful device and falsehood."*

This was the second dear price which the Russian territory had to pay to the socialist system. It is not just through the life of crores of people, but along with it religion, faith, morals, civility, nobility and everything else which came in the way of implementing a peculiar scheme by oppressive means.

(3) We have seen with our eyes in our own country that when the strings of morality are loosened on the one side, and a governmental control is imposed on necessities of life on the other side then the cycle of bribery, misappropriation and embezzlement is set in motion. Whichever necessity of life is dependent upon the availability of permit, licence and ration card, in the same field the public is hard pressed and government functionaries thrive and prosper. Now one can understand where on the one hand the roots of all the accepted norms of morality have been shaken and this principle of morality instilled in minds that whatever is beneficial for

our needs is wholly the truth and rightful and leaders of the country, by practising the worst kind of oppression, have demonstrated extraordinary patterns of morality — on the other hand where not just a few goods of necessity but the entire economic wealth and all the resources of life are under government control there bribery, misappropriation, embezzlement and oppression will be ruling the roost. This matter is not confined to imagination. This is also one among the intelligence reports percolating off and on from behind the iron curtain that the corruption of government's revenue collectors and managers of economic establishments have created a very serious problem. In fact, the creation of this problem is not surprising, rather its non-creation would have been a surprise. You can break a system with the force of immorality and can create another one with a force of immorality is rather a difficult task. To run it on sound lines, it requires men of integrity and strong character whose mould you have already smashed.

(4) After doing away with individual ownership, to run the economic system of the country successfully on the principles of collective ownership, the thing that is required more than anything else is this, that the feelings of selfishness and desire of personal gain be ejected from the people, and instead of these qualities, sentiments of working for the collective welfare of the people be made so overwhelming that the same becomes the prime motive force for action. The claim of the socialists was that human natural instincts, hereditary inclinations are no more than a fraud of bourgeois philosophy and science. There is nothing of the kind present in a human being, we will extricate the inclinations of selfishness and desire of personal gains and with the change of environment, will

inculcate a collective mentality in them. But to translate this baseless claim into action, socialist gentlemen have miserably failed. They could not inculcate a real social attitude in the people of their country and in administrators and workers even a grain more than what is naturally present in the people of every society. Let alone removing selfishness and profit earning desire, they could not even reduce it; but after long last, having exhausted fully, had to accept their defeat and appeal to their selfishness only to extract work. Up to this extent they were anyhow equal to the bourgeois class, but the thing which subjected them to a worse than bourgeois system is this, that for the profit earning urge of individuals when they blocked the natural routes of agriculture, industry, business and other profit earning enterprises, and by means of artificial propaganda established this profit earning urge as scornful, then this passion was suppressed, and as with other suppressed passions of man, it expressed itself through such wrong routes in a perverted form, that it is only decaying internally the roots of the society. This has directly contributed for the rise in the incidence of bribery, misappropriation, theft, embezzlement and similar other evils in the socialist society. If at all there is anything prohibited, it is this that a man should not invest his acquired wealth in other enterprises for production of more wealth. Apart from this, all other avenues of spending wealth are as open as they are in our society. A person can spend as much as he desires on his dress, food, house, conveyance, furniture and other luxury items can raise his standard of living as high as he wants, he can adopt with an open heart, all the aspects of luxurious living which are permissible in western society. After all these whatever cash he is able to save, he can accumulate it. He can invest this accumulated wealth (not directly by

himself but) through the government in business, and can earn eight to ten percent interest annually, and while dying can bequeath this accumulated wealth to his heirs.

(5) The reason for toleration of so much bloodshed and upheaval and the ruination of morality and civility on such a vast scale was only this, that the profits, between the cost of goods and the market price, which only the land lords, factory owners and business classes used to avail for themselves, may instead of going into the pockets of a few particular classes, flow into the treasury of the entire society and be distributed, if not equally at least judiciously, amongst it. This was the sole reason for the elimination of individual ownership and if this aim were to be realised then it could be described as the real gain of collective ownership. But was this aim really fulfilled? Just look at the practical experience that after termination of individual ownerships, how the profits of agriculture, industry and commerce that were accrued to the social treasury are being distributed.

In all the departments of the government and all the establishments of economic transactions the difference that exists between the salaries of the high ranking officials and menial staff is as much as it exists in any bourgeois society. On the one hand, the salary of the common worker and his standard of living is far inferior in comparison with their American or British counterparts, and if the standard is a little higher than that of India and Pakistan, then it is not of very much significance. On the other hand the incomes of directors, managers, government functionaries, military officers, actors, authors and compilers have, by increasing constantly, reached to several lakhs of roubles annually. In other words, this commercial and industrial profit, is being

distributed, if not wholly at least to a great extent, in the same inequitable way between the upper and the lower classes, as it was happening previously between the labour classes and the bourgeois people.

Again for establishing the socialist revolution, the international conflagration that was set in motion between the common masses of the labour classes and the bourgeois people, antagonised all the non-socialist societies of the world against Russia and forced Russia to spend a major part of the commercial and industrial profits it had saved from falling into the hands of bourgeois classes on war preparations.

After being consumed on these counts the portion of profits that came to the share of the toiling masses is just that which is spent in "social insurance". And what is its ratio in comparison with the total profits? With undue exaggeration it is hardly one or two percents.<sup>1</sup>

The question is, if only this much, rather than more than this, could be availed by some other method for social insurance, then where was the need for this violence, oppression and sacrifice of faith and morals for termination of individual ownership and imposition of an artificial system on human society.

(6) For implementation of collective ownership, collective administration and collective planning, the

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<sup>1</sup> The way social insurance funds are provided in Russia is this that a portion, from ten to twenty percent of the quantity of amount the administration of every institution spends collectively towards the compensation of workers is collected according to a specific rule and deposited in social insurance scheme accounts. In this way, on an average 14% of the cumulative amount of all the salaries and wages of the entire country is spent on the welfare of the workers. It hardly works out to be one or two percent of the entire economic returns.

destruction of life and property, religion and morals and civility that Russia had to undertake was perhaps the investment of initial experience. But now after its coming into practice, what is it giving to the people of Russia in their daily life and what is it taking away from them? Just make a comparison in this regard also. Whatever it gives them is this:

For every person at least as much employment is arranged as is necessary for the provision of two square meals, enough clothes to cover the body and a roof to cover the head, and :

*"In a collective way arrangement has been made that a man gets help in hard times."*

In short these two are the only advantages which this new system has given to the citizens of the country. Now let us see what it has taken away.

For the establishment of the system of collective ownership instead of individual ownership, it was inevitable that the same party assume the mantle which had advocated this ideology i.e. the communist party — the ideology of this party itself was this, and the demands of the task itself was also this, that a powerful dictatorship be established which could demolish with all the force the system of individual ownership and enforce the new system with an iron hand. Accordingly a dictatorship was established and it was branded as the workers' dictatorship. But everybody knows that the entire population of labourers, farmers and workers of the different departments of Russia are not included in the communist party. Perhaps even five percent of the population will not be its members. Thus in appearance

this is a dictatorship of the labourers but in reality it is a dictatorship of the communist party upon the labourers.

And this dictatorship is also not of a light form. The meaning of collective ownership is that all the landlords of the country have been totally finished and a single landlord with no conceivable partnership has become the owner of the land of the entire country. All mill-owners, businessmen and employers also came to an end, and the place of all of them was taken over by such a capitalist who captured every kind and every form of means of production. Again in the same hands, the political power of the entire country was also concentrated. This is the dictatorship of the communist party. But now if you apparently happen to see that the people who are using this entire economic civilian and political power are those who are elected by the votes of the common population, will that in reality vouch for democracy? In the whole of Russia who has the courage to stand and ask for votes against the communist party? If at all anybody picks up the courage, wherefrom will he eat in the Russian territory? And from which press will he raise his voice? And by what means will he travel to propagate his views? But before doing all this, how long will he take to cover the distance between life and death? The reality is, in the system of collective ownership, so much of power is concentrated in the hands of the government which never accrued to any Chengiz and Halaku, and any Czar and Caesar in human history. The group which once seizes this power, the people of the country are utterly helpless against it. To change any kind of a mismanaged government is not as difficult as changing the disorderly socialist govt.

Under this system of government, whatever plan the ruling party makes for the social life of the country, to implement it successfully, it uses the press, radio, cinema, school, the entire administrative machinery and the economic transactions of the entire country according to a set plan. The success of the plan depends solely upon this, that all the thinking, suggesting and decision making minds are only those few who are sitting at the centre and formulating plans. The rest of the country should consist of hands and legs (implementing tools) who will not even grumble in obediently carrying out the orders. Those resorting to criticism, finding fault and offering suggestions have no place in this system other than in jails and on gallows. And if such an interfering person is banished from the country, it is in a way a great concession. That is the reason why in Russia, even prominent workers and leaders, on account of whose hard work and abilities the socialist experiment had reached the stage of success, were awarded the punishments of death, life sentence and banishment, only because they had dared to differ from the ruling class. Again this is a peculiarity with socialist morality that whoever is nabbed for the crime of dissent, a great many horrible charges are recklessly levelled against him, and a surprising miracle prevails in socialist courts, that whenever the ruling party brings some one to the dock of the court to stand trial, then the accused starts reeling out, according to the desire of the prosecution, a list of his own crimes not in undertones but in a high-pitched confession that he is very much treacherous, an agent of capitalists and a hidden enemy of Russia.

Since this system is established after destroying the individual ownerships and the religious classes by force,



and all those people have not been obliterated yet from the world and even from the Russian territory, on the graves of whose passions, sensitivities and the rights, this palace has been erected, the dictatorship of the communist party is always apprehensive of the risk of a counter revolution. Apart from this, socialist gentlemen also know this very well that in spite of their refutation, there does exist a thing called human nature which bears a passion for individual profit earning and it always keeps striving hard that the system of individual ownership be revived. Due to these reasons, the communist party keeps giving "purges" to its system on the one hand so that in whomsoever there are vestiges of "revivalism" they could be cleansed.<sup>1</sup> And on the other hand, the government of the party is always bent upon erasing the risks, possibilities, rather suspicions and even apprehensions and even misgiving of counter revolution. It has established a wide network of intelligence whose countless worker keep sniffing around every institution, every home, and every crowd for the presence of "conservatives." This mysterious net work of spying has erected a wall of suspicions even between husbands and wives. No hesitation has been shown in engaging even the children against their parents for the services of spying. The "cautious" theory of Russian police and C.I.D is, if by mistake a few hundred or a few thousand innocent persons are caught and killed, is much better than letting a few criminals escape and stage a

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<sup>1</sup> This cleansing operation has been performed on lakhs of communist party members. The meaning of this operation in Russia is not only this, that a person who is not suitable for the membership of the party is expelled from the party but rather after this act of expulsion it is rarely that any fortunate person can save himself from going to the torture chambers of the Russian secret police, and the exit route from these torture chambers usually goes towards either a grave yard or concentration camps where a person is made to experience the torment of the hell while he is still alive.

counter revolution. Hence in every factory, every mine, every office and every institution, they keep sniffing as to which labourer, or worker frowns or expresses dissatisfaction with the administration of the country or his own organisation. Apart from indulging in this act, a mere suspicion that a person has such leanings is enough to get him arrested forthwith. As it is an everyday experience, if any worker does not reach home to night, the wife draws the inference by herself that he is caught. The next day she starts providing the items of his daily needs to the office of the police and the acceptance of the items implies that she was correct in her guessing. If she were to ask any question, she will not get a response from the office. One day suddenly it so happens that she gets back the parcel she had sent. This is the implied information of the fact that her husband has crossed the threshold of life and joined Linen in his paradise. If the lady does not want the same fate to befall her, it is her duty like a true female comrade that she should not allow herself to vent her feelings and rather in go in search of another husband who is above suspicions of "conservatism."

This is the price which the citizens of socialist Russia had to pay for two square meals and a timely help in the hour of need. At this enormous price is the bargain cheap? Without doubt a starving person on many an occasion is so overwhelmed by the pangs of hunger that he prefers a prison life to his miserable freedom, only because he will at least get a two times bread, a dress for covering his body and a roof above his head in jail. But has such a grave problem really arisen for the entire human kind that it cannot get bread and freedom at the same time? For the availability of bread, is this only option that the entire

surface of the earth becomes a prison and a few comrades are its jailers and warders.

## Reaction

Socialism, for the establishment of its system in Russia, committed such horrible oppressions on such a vast scale, and again the way the success of this revolution stoked the flames of class war in the countries of the world, thinkers of the non-socialist countries were compelled to reflect as to what changes should be effected in the principles of open economy that could address the grievances of the labour classes, and could save their country from the risk of slipping in to socialist revolution. Although the defects of open economy had started appearing ever since the system of modern capitalism was founded, criticism was constantly being carried on. A few superficial and partial reforms were also injected into it. But the actual realisation for change, amendment and reform came only after seeing the functioning, influences and results of Russian Socialism; and the reaction assumed two different forms in two vast regions of the capitalist system:

The nations whose way of life was adversely affected by first world war and who were facing the risk of total destruction on account of class war kindled by socialism and in whose territory democracy had not taken firm roots, were home to the birth of Fascism and Nazism.

The countries in which democracy was on firm foundations, and in whose way of life war had not caused any great disruptions, those countries retaining their old liberal democratic capitalism on its ideological

foundations, tried to introduce such reforms in its "openness" which eradicated its defects.

### **Fascism and Nazism**

Socialist gentlemen commonly try to regard Italy's Faci and Germany's Nazi movement as conservatism and allege that the bourgeois capitalists, seeing their fortunes facing defect made Hitler and Mussolini to stand as a countervail. But this is not a reality. The fact is these people were not the evil-intentioned agents of any class or any particular interest. They were the likes of Marx and Lenin, as sincere, as intelligent and perverse. They saw that on the one hand the blow their nation suffered from war had rendered it so bruised that their centuries of pride was being consumed to dust and on the other hand, the internal defects of open economy and the external instigation were subjecting the various constituents of their nation to a bloody and destructive conflict. Hence they started thinking of such schemes which could eradicate the internal conflict of inter-class interests and also save the national unity from disintegration and to re-establish its grandeur in the world by strengthening the economic, civilian and political power of their nation; but they, their supporters and followers were the inheritors of all those weaknesses of western mind that we have been constantly witnessing it operating in history. Like their predecessor thinkers and statesmen, they also did the same thing that they took a few truths and adulterated it with many exaggerations, cancelling a few truths replaced them with a few fallacies and with this admixture created and installed an unbalanced system of life.

Now let us review this compound to see in what ratio the right and wrong have been mixed and what is the

balance of its profit and loss. Though these two twins have apparently died having experienced defeat in Second World War but most of the innovations spread by them persist even today with altered names in different countries and even our country is not safe from these evils. Hence the identification of the good components and the bad components of Facist and Nazist is as essential now as it was before the war.

### Right and Useful Work

The Faci and Nazi gentlemen were wholly right in rejecting this thinking of socialists that the right and natural relationship, between the landlords and the capitalists on the one side and the labour classes, on the other, was only that of hatred, enmity and war. This thinking of theirs was correct that the basic thing was not class but society and nation whose various organs perform different services for their collective whole. The real relationship between them is not of enmity, war and battle but of accord, cooperation and co-functioning. Their job is to produce the consumer goods collectively and to enhance the national wealth and power by increasing production. In this cooperation and accord if there is any defect, it has to be removed. If there is any difference and conflict, it has to be eradicated, not that it should increase and different components of the same society get bent upon destroying each other.

They have also rightly rejected this theory of socialism that individual ownership and craving for profit earning are in themselves injurious to collective welfare, which should be brought to an end. This thinking of theirs was totally correct that both of these are useful and essential for social interest only, provided like open

economy they are not unlimited but are constrained with certain limitations. They said individuals have every right to struggle for their profits, but this right should be under social welfare and in consonance with it and not against it. High finance, mines, shipbuilding and navigation, the industry for weapons of war and similar other businesses should not be under individual ownership. Such monopolies should be rolled back where social interest is sacrificed at the altar of individual interests. Speculation should be totally abandoned. Interest should be cancelled from the system of lending and loaning.<sup>1</sup> Business transactions should be controlled by such rules and regulations which serve the interests of all those concerned with it and not that of a particular class only. After this if a mill owner keeps the prices reasonable, produces quality goods, keeps his labourers cheerful and prosperous, constantly tries to improve his industry and in compensation for his services, takes profits confined to legitimate limits; then what is he guilty of that he should be condemned as the enemy of the community?

They have also rejected this theory of liberalism that the government should perform the duties of police and courts and not bother itself with the transactions of economic life. They said to establish harmony, agreement and cooperation among the various constituents of the national economy and to remove the causes of conflicts and wrangling, is included in the duties of a national state. They prohibited strike on the one side and lock out of the factory on the other side by law. They formed common councils of employers and employees. They tried to

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<sup>1</sup> Although they could not practically banish interest, as the state itself paid interest on loans it took, both the Nazis and the Fascists were convinced on undesirability and banishment of interest.

establish rights and duties between them on just and fair lines. To settle their disputes, and organised system of mutual discussion then arbitration and finally judicial verdict was established.

They tried to remove this deficiency of the capitalist system that those who go unemployed or are rendered incapacitated, there is no one responsible to take care of them. The Nazis and Facis felt the damage emanating from such abandoned people and arranged on a vast scale for social insurance through which help was extended to workers in the event of sickness, old age, unemployment and accidents. They established magnificent institutions for the care of mothers and children, welfare of infants, looking after the disabled and the crippled, extending help to those incapacitated in wars, taking care of abandoned old people and similar other projects of welfare. This kind of an institution that was established in Germany before war was taking care of approximately fifty lakhs of individuals.

They turned their attention to the eradication of this defect of uncontrolled economy also that the entire business of economic activity keeps running on an even keel without any map and blueprint and cohesion and on account of this, economic means are not put to an optimum use and whatever are used they lack balance in it. To remove this shortcoming, they entrusted the job of guidance, organisation and coordination in the hands of state, they formed councils for all the branches of economic life and with a well organised method tried to use the resources and powers of production. This way they



brought unemployment to an end,<sup>1</sup> created a surprising increase in production and brought uniform progress in different branches of life.

### **Follies and Damages**

These were the blessings of Facism and Nazism. But what is the price Italy and Germany had to pay for these blessings?

Nazi and Faci gentlemen tried to cure the disruptive influences of class conflict with the insanity of racial pride and vanity, with the provocation of rage and fury against other nations and with passions of world domination and universal conquest whose outcome has never been good for any nation. If at all rightful development and ascendancy of nations takes place, it is possible only on the basis of constructive morality and righteous goal. Discarding this method the leaders who use hatred, dangers, provocations as permanent means for stability and development of nationalism, they spoil the temperament of their nation; and the nation that has arisen by such means is bound to fall with a severe stumble.

The programme of economic and civic reforms which they had prepared, instead of implementing it in a straight forward and rational way, they fabricated a very useless social and political philosophy which was a compound of all exaggerations and practical follies. The first premise they established was that an individual as long as he is a component, and part of the community is everything and as an individual is a nullity in itself. Then they mounted

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<sup>1</sup> In 1933 when Nazi party came to power, there were about eight lakhs of people unemployed and after a few years, the matters came to such a pass that Germany was facing shortage of man power.

this layer that the individual which does not form part of this community should not be really anything at all. After this they constructed the structure of their arguments in this way, that national state is the real exposition of inter community link. And the stability and control of the national state depends upon the party that has arisen with this programme of national unity and development. Hence "if you are a German, come and join the Nazi party" and "if you are an Italian, become a Facist." This way the nation and the state, government and ruling party was made one and the same thing. Every person who ventured to disagree in any matter with the ruling party was regarded as the enemy of the nation and the national state. Criticism, discussion and free expression of opinion was regarded as a dangerous streak. Apart from one party, no other party was allowed to exist in the country. Elections were reduced to a mere play. To completely subjugate the mind of the nation, press, radio, school, art, literature, and theatre was completely given in the control of the party so that no other voice except one will even reach their ears. Not only this, but such schemes were adopted that first of all, from the views of the dominant party, no other view is allowed to germinate in the minds and if by chance a few ignoble minds ever with views which are in contradiction to the views of the ruling lords of the community, then either their views lie buried in their minds only or their minds are buried in the ground.

They apparently adopted so to say a very reasonable theory that due to lack of central planning in social life, confusion, mismanagement, mutual conflict are caused and collectively wastage of energies and means also takes place on a vast scale. Hence the whole national life should be organised and be under a central command and in

accordance with the map drawn by a central authority, all people should function like the parts of a machine. They thought this was the only way of increasing production, progress and wealth with greater speed. Hence according to this theory the life of the entire nation, inclusive of its economic, civilizational, religious, cultural and political aspects, was tightened in rigid rules and started running it as per a pre-settled plan. In their system of life, everything was settled. The work of every person and every institution was settled, there were settled wages, settled prices, settled were the rights and duties, the ways of using abilities and potentials were settled, the utilitarian goals of capital, resources and means were settled and ultimately even the routes of thought process, passions and inclinations were also settled; and for all this programme of many years in advance were settled. It is obvious that those people who endured so many hardships and had planned on such a vast scale with so much intellectual hassles for the entire national life, how could they tolerate any one person standing up to criticise and cause confusion in the minds, engage those workers in discussions who ought to be busy in their work and destroy the satisfaction and confidence of the masses from the painstakingly drawn plan. It was the demand of the internal logic of this "plan-oriented" life that they were not prepared to tolerate any criticism and suggestion and were insistent that whoever wants to speak, must speak in conformity with our programme or else keep his mouth shut. When there is planning there will essentially be restrictions on speech and thoughts also, difference of opinion curtailed, discussions banned, criticism gaged, accountability nibbed; rather except a few minds, the thinking process of the minds of the entire nation is stopped.

Again the same question arises as to whether whatever Nazi and Fazi ideology offers is worth taking for the price? In the whole nation a few persons will be human beings and the rest will remain as beasts rather as lifeless parts of a machine. At this price there will be the satisfaction that everybody will be getting his due fodder.

### **Internal Reforms of Capitalist System**

Now we must take a look at this aspect also that those countries in which roots of liberal democracy were firm; what changes, retaining the basic foundations of the capitalist system, did they bring about in it and with what results?

As we have indicated earlier, in the eighteenth century bourgeois class was presenting, on the one hand, the principles of open economy to safeguard its own economic interests and on the other hand, the same class, for its own political benefits, was blowing the trumpets of democracy, equality and sovereignty of the masses. It was also demanding the rights of freedom of expression, freedom of conscience, freedom of speech and writing, and freedom of association and ultimately was emphatically demanding that in the face of unbearable oppression, the subjects have a right to revolt against the government. In the beginning when these people were offering the said theories, they had before them the royal family, land lords and the church authorities. They used to see these people before them and placed themselves opposite to them; hence they never realised that based on that unfettered individualism, the structure of economic system they were trying to construct on the basis of democracy and civilizational equality, these two will

prove to contradict each other in due course and will ultimately collide mutually against each other.

Owing to their struggles when the new democratic system began taking birth in different countries and the right of franchise, passing on from the land lords, was extended to businessmen, factory owners and bankers, then it was not possible, by any logic, to stop it from reaching the labourers, farmers and wage earners. Bourgeois gentlemen tried very much to stop it, but their own logic started operating against them and it reached such a crescendo that slowly but ultimately they had to accept the right of franchise of the masses in the same way the land lords were forced to accept their own right. Again by no logic it could be proved to be reasonable that for the land lords, while their own organisation was legitimate, the same was not legitimate for the employees; or that while the landlords could impose their own conditions with their collective power on the employees but the employees were not competent enough to collectively bargain for the acceptance of their own conditions. In this way the right of labourers and employees was also slowly accepted that they could form their own associations, bargain not individually but with collective power for wages and salaries and conditions of their grievances, and post sentries for making the strike successful.

By the end of nineteenth century, the ancient theory of politics also came to an end that the job of the state is the protection of personal freedoms and there are no affirmative duties as such for the state in the national life. At this stage this realisation automatically dawned that a democratic state is itself an index of the collective will of the citizens of a country, and the masses concentrate and organise their own political power in the form of a state.

Then what is the reason that, as in the case of ancient royal governments, the sphere of activity of the democratic governments too should be insisted upon to be limited. The duties of a democratic government should not be merely negative but it should function positively for the social benefit and if there are injustices found in society then it should prevent it by means of legislation and administrative interference.

When the conditions had reached this stage the first world war suddenly broke out, again in Russia that socialist revolution took place which crushed even the wives and children of the bourgeois class, so to say in oil press, again its reaction in Germany and Italy appeared in the form of Nazism and Facism which tied the bourgeois and the labour class and all others in a harsh oppressive system. Against this backdrop capitalism looked like a real "bright minded" system, and partly under the pressure of the increasing power of the common men and partly with its own willingness the following changes in the old open economic system were accepted.

(1) In every branch of economy, such organisations of labourers and employees were legally recognised which were competent to talk on their own behalf. Along with this, a few practical suggestion, upto a certain limit have been legally or formally accepted, which the associations of labourers and employees can adopt for getting their demands accepted and apply pressure for its sake. In this way, though the conflict between capital and labour did not come to an end, but labour was not as helpless against capital as it was in the era of open economy.

(2) Increment in wages, decrease in working hours, mildness in working conditions, restrictions on appointment of women and children as labourers,

comparatively a better concern for the life and health of labourers, and an attempt to improve his home and environment, some compensation in the event of physical injuries and implementation of a few social insurance schemes, all this did not go as far as it should have, however the condition of labourers and lower classes was not as bad as previously it was.

(3) The position of the government has been accepted that it acts as an arbitrator between labour and capital. Also legal positions have been established for the removal of tensions and resolution of conflicts. Although it has not reached such a stage that in every branch of economy rights and duties between employers and employees have been judiciously settled and the government has not yet fully undertaken the job of pronouncing judicial verdicts in the case of economic conflicts, but this position of the government, has been accepted in principle.

(4) This principle has also been accepted that such restrictions must be imposed on individual profit earnings that they do not operate against social benefits and the imposition of such restrictions is included in the duties of the government only.

(5) Many a government have taken such economic services in their own hands which are beyond the means of individual businesses or to allow it to remain in individual control is contrary to social benefits. For example, post and telegraph, administration of transportation, construction of roads and highways and their maintenance, taking care of forests and its administration, provision of canals, irrigation, production and distribution of hydro-electricity, control of finances; apart from this government have monopolised mines and

have started running very big industries under their administration.

(6) Such opportunities have been created for employees and labourers having meagre incomes that by saving a little every month, they could buy shares of lesser prices in commercial and industrial establishments and in a few places such practices have been adopted that according to certain rules a part of the wages of the employees and labourers is paid to them in cash and the remaining portion becomes a part of the capital of the company as their share. In this way many a workers of the labour class have become share holders in the ownership of the company or corporation in which they were working as labourers or employees. In a few renowned factories, 80% and 90% labourers and employees have become partners in ownership, and due to the availability of the convenience of buying on instalments, the rate of their partnership in industries is constantly on the rise.

### **The Defects that Still Persist in the Capitalist System**

But in spite of all these changes, amendments and reforms, the basic defects of the capitalist system remain as such.

Unemployment has not been eradicated till now. Rather in all circumstances, barring the period of war, this is a permanent disease which the society is afflicted with under the capitalist system. In a country like America whose industry and handicraft and production of wealth is touching the sky heights of glory, more than thirty two lakhs of people were thrown out of employment the moment war activities come to a halt. During April-May 1949 their number rose to above thirty five lakhs and in June it reached upto forty lakhs. Whether it is the period



of brisk trade or a slump in business, unemployment, more or less in all circumstances, has been an inalienable part of the capitalist system.

Till now that strange puzzle remains unsolved about which we have referred to earlier that on the one side crores of people in need of necessities of life and desirous of luxury goods are present, there also exist innumerable natural resources by making use of which additional goods can be manufactured, in lakhs together people exist who can be employed; but on the other side the capitalist system producing goods much less than the needs of the world and its possible consumption also keeps lying unsold in the market because people have no money to buy the same, and when a meagre quantity of goods itself fails to find buyers, then no one can have the courage to employ more people and utilise additional natural resources, and when people cannot be employed altogether, there is no way of creating purchasing power in them.

Not with standing this, this defect of the capitalist system still persists that every year, huge quantities of goods manufactured and grains and fruits produced are intentionally destroyed instead of bringing the same to the market, although millions of people are in need of them. For capitalists, to destroy these things and to spend lakhs of rupees on its destruction is preferable to reducing their prices by bringing them in the market and facilitating them to reach the needy people at cheaper rates.

Till now this drawback of the capitalist system also persists that state, society, aristocrats, in short no body hold himself responsible for the maintenance and support of those lakhs and crores of people who in spite of being capable are unemployed, or who have not yet become

capable or who have gone permanently or temporarily incapable. Even now only patient is entitled for treatment who has money in his pocket. Even now only that orphan is entitled for education and training whose father has left an insurance policy behind. Even now the same person can arise after undergoing accidents who has seen good days and in those days he has himself made enough provision for the bad days ahead. In short till now, afflicted, needy and supportless persons apart from himself, is nobody's responsibility. It is quite a different matter that accidentally he comes across some help.

Till now this drawback of the capitalist system has not been eradicated, that prices are artificially increased and with due planning scarcity of a few goods is created. Invisible transactions and different methods of commercial gambling even now keep upsetting the disposition of social economy. Even now people have an open licence that if they can afford to procure a huge capital, they can produce, for their personal benefit, any kind of and any quantity of goods, and try to thrust upon the society in whatever way they can, even though the society may not need it or rather may be injurious to it. Even now this strange phenomenon is being witnessed day and night that the most important and urgent needs of the society are lying sorely unattended but labour and capital is relentlessly spent on luxury items, toys of lustfulness and paraphernalia of luxury and prosperity. Even now the moghals of industry and commerce and emperors of finances, for their own selfish benefits, are indulging in overt and covert intrigues which are the cause of international tension, rivalry and war.

Till now the accomplishment of society and state in the capitalist system rests in the hands of bankers, and it is

evaluating all the social values on the standard of rate of interest and it is rotating them on the same axis. It is he who decides as to on what projects the capital must be spent or not and for arriving at this decision the standard is not that which projects are essential and beneficial to society but rather in which projects the benefit is equal to or more than the rate of interest in the market. As per this standard if in comparison with water provision, wine supply is more profitable, then he will unhesitatingly engage himself in providing wine to the lustful leaving the masses longing for drops of clean drinking water.

Till now that disease called the trade cycle is still afflicting the capitalist system in which after every few years of great demand there are bouts of recession in the economy of the world. The world of business will be running smoothly with full speed then suddenly businessmen feel that the goods coming into their godowns is not flowing out with a reasonable speed. They withhold orders a little and seeing this situation the manufacturers withdraw their hands from the production of goods. The capitalist, perceiving this sign of danger, withdraws his hand from advancing loans and starts demanding back the earlier advanced loans. Manufacturing units start closing down, unemployment increases, prices start falling down. In the hope of further decrease in prices businessmen and purchasers withhold their hands from placing fresh orders and purchases. Running manufacturing units also reduce their production. Unemployment rises further. Confronted with declining incomes, government start reducing their expenditure. There is a further rise in slump. In this way every step that is retraced becomes the cause of retracing many more steps, until when borders of bankruptcy are closely; then

suddenly the direction is changed and the uphill ascent begins and then the period of great demand sets in in the market. This cycle has become a permanent disease for the capitalist system whose cure has not been discovered till now.

These and other defects of a minor and major character are present in today's fettered and reformed capitalism in the same way as they were found in the 19<sup>th</sup> century's unfettered and roguish capitalism. This is a demonstrative proof of the fact that democracy has not tried to understand the real causes of the draw backs and taken discreet steps to remove them, but whatever happened is only this, that as the pressure of the labour classes is exerted or the danger of socialism is increased the bourgeois classes have been making such amendments in their ways that grievances of the masses are lessened to such an extent that the socialist people are not able to take advantage of them.

## History's Lesson

By having a collective look at the historical statement presented in the previous pages, quite a few things stand illuminated for a common observer.

To start with he will identify those problems and complexities which are common between the history of the west and our present social life. He will observe that the feudal system is present here with many of its characteristics and that modern capitalism has taken birth with its accompanying defects. A few diseases we have inherited from the period of our decline and a few others have reached us in the company of the industrial revolution and the capitalist system of the west. Though the difference here is there is no papal or church system here, nor is there any priestly class who are in liaison with influential sections and they in the name of religion and God, support their undue distinctive and forcibly acquired rights.

Again with this historical study, the observer will also come to know as to what is the geneology of the strange suggestions our foolhardy wise men keep flaunting about for the solution of the problems and complexities of the society. We keep hearing that some person is emphasising the need for "collective planning" and another demanding "revolutionary changes" in the economic system and a third gentleman suggesting that the land must be withdrawn from individual ownership and nationalised<sup>1</sup> and another voice comes from somewhere that all key

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<sup>1</sup> Means to be given under national ownership.

industries be "nationalised", and someone from the association of quacks, after a lot of deliberations, comes forth with an alchemic prescription that the personal ownership of land must be abolished, all these are those curious pearls of wisdom which have been plucked off the books of western mediocre and now all those experiences are about to be repeated which have already taken place in Russia, Germany and Italy, and America and England. But in this matter also the similarity between them and us is with a difference. The mediocre of those countries are at least innovative, but these gentlemen who have opened their clinics here are also blind followers along with being mediocre. The mediocre of the west, seeing the harmful effects will make necessary changes in the prescription. But here it is a different thing if the news of alteration is received from the west, otherwise the doctor will stick to the same prescription till the last hiccup of the patient.

One more thing that appears prominent in the history of civilization and the story of theory and practice of western countries is the constant tension, conflict and altercation. One group after gaining control over one field of life, drags ethics, religion, laws, customs and conventions and the whole system of civilization, in one direction to such an extent that it results in maximum injustice to the other groups. Then someone from the oppressed groups rises and embroils with them and draws the line of cancellation even on the correct things along with the wrong ones and drags the whole system of thought process and action from one extreme to the other extreme with the result that injustice reaches its limits once again. Then passing the phase of resentments and grievances, a stage is set for the third rebellion and the storm of opposition and obstinacy causes to gush off even the right things along with the wrong ones and move cruel

than the earlier ones and an extremist system is established. Seeing the devastation of this storm, a retaliatory storm arises, and it will not be less extremist than its rival. On account of this dragging and counter dragging, the history of west appears to a common man to be travelling like a drunkard on a curved line, not as a conscious man travelling on a straight path. Percieving this scene poor Heigal and Marx came to the conclusion that this is the natural style of evolution. But in reality all these are the results of one thing and that is, the western world has been leading a life, from a very long time, without "divine guidance" and without an "illuminating Book" (Kitabim Mubeen). Through the medium of Saint Paul, the Christianity that had reached them was such that its links with Christian jurisprudence had already been snapped. Apart from a few ethical sermons of Jesus Christ, they never had such divine guidance based upon which a vast system of civilization and politics and economic could be constructed. The Old Testament of the Bible itself contained two percent of divine guidance along with an admixture of 98% of human speech. Hence even if they turned towards it with semi-devotion and semi-disbelief, they could not get much guidance from it. Islam had appeared before Europe right during this era, while only a little time had passed after the disorderliness of the system of Roman Empire of the west had set in and the darkness of the middle ages had just then started. But the Europe which had accepted the Christian faith on the condition that its jurisprudence be delinked with it, how could it turn its attention towards Islam for seeking guidance, which was not prepared to offer only its faith without its jurisprudence. Partly on account of this and partly due to the prejudices spread by Christian priests, Europe never received any illumination from Islam either.

Now what else could happen apart from this, that the Westerners could devise their own system of life from their own wisdom. Hence they did the same thing. But it is obvious that man cannot take wholly rational decision. Along with his mind, the misleading Satan of desires is also active. It is also obvious that all human beings joining their heads together do not evolve a system of life. A few enlightened brains only propose a system on account of which their system has an appeal only for those who share their prejudices. These are the causes due to which all the systems of life which were every now and then evolved in Europe were unbalanced and the essential result of this lack of balance was to have been a continuous conflict and stress and strain.

The question is, are we also really without Guidance and an Illuminating Book (kitabim Muneer)? Do we have no escape from the problems which the ancient Hindu ignorance, the Moghal system of middle ages and the European Civilization of the modern age have jointly entangled us, other than we resort to the same solutions which Socialism, Nazism and Facism and Capitalism have adopted in the West? Do we also have no such illumination with the help of which a balanced system could be evolved? One who has the knowledge of Islam cannot give its answer in the affirmative.

### **Real Entanglement**

Based on the principles of Islam, how can we solve these problems? To understand this it is imperative that we once have a comprehensive understanding of this real entanglement with which the world is confronted right now and we also are being confronted with.

In brief words that entanglement is this:



If we adopt the principles of open economy which offers every one the unhindered opportunity to control as many means of production as one desires and struggle by any method to earn profit; whereby full faith is reposed in the self serving rules of competition and confrontation and humility and modesty for the establishment of justice and equity in society, which gives birth to those defects of capitalist system and in the context of our society much of those defects of feudal system remain back, about which we have already dealt with under the headings "feudal system" and "modern capitalist system."

If we establish collective control and power of regulation over means of production by eradicating individual ownership, then no doubt prevention of the afore-mentioned defects to a great extent can be achieved, but this basic change cannot be brought about without the reckless destruction of life and property and an open revolt against religion and ethics whose example we find in the social revolution of Russia. Assuming this change is possible by democratic means, the system of collective ownership in any way brings to an end the individual ownership. To establish socialism by democratic means is to obliterate democracy through democratic means. For democracy can never function without there being a presence of a very large majority of independent professional workers. But socialism on the contrary finishes off independent professions. Whichever branch of livelihood is taken under socialist system, all its workers will become like government servants. The quantum of freedom of thought and freedom of activity found among government servants is known to everybody. As much as this mode of working spreads in the economic life, the borders of freedom of thought, freedom of expression, freedom of association, freedom of writing and freedom of

working will be shrinking until when, the day the whole economy goes under the collective system, the same day the entire population will get converted into government, servants. The very nature of this type of system is that once a group comes to acquire power, it cannot be dislodged.

Instead of eradicating individual ownership, if we impose only a strong government control over it and run the entire national economy according to a central planning, as Facism and Nizism did, even then many ailments could be cured, but this much of curtailment also will be suicidal for individual freedom. Their results will practically be the same as those of socialism.

If we establish the capitalist system on its original foundations and implement such reforms as have been effected till now in countries like America and England etc., then democracy and individual freedom are retained, but none of those major and basic defects are removed on whose account capitalist system has become a curse and an affliction for the world.

In other words, if there is a devil on one side, there is the deep sea on the other. If social welfare is organised, the freedom of the individual is lost. If we try to save the freedom of the individual, the social welfare is destroyed. The world has yet to find such a system of life in which industrial revolution with all its blessings will keep operating as it is and keep progressing, and again both individual freedom and social welfare will live together with utmost moderation. The survival of the world depends upon the discovery of such kind of a system. If it defies availability, man will commit suicide by the pistol of industrial revolution only, and if it became available then whichever country will offer its successful model before the world, it will become the leader of the world.

## **Basic Pillars of Islamic Economic System**

To build the structure of a system based upon the mean economic theory, which Islam has adopted in between socialism and capitalism, it primarily establishes a few moral and practical foundations in individuals and society which could withstand the weight of the structure. To this end it sets right the mentality of every individual and tries to inculcate in it that mental frame which is necessary in individuals to carry on this balanced system. It imposes certain restrictions on individual freedom so that instead of being injurious to social benefit may positively become beneficial and supportive to it. It establishes such rules and regulations in society which prevent the causes responsible for spoiling the economic life. These are the pillars of Islamic economic system, the understanding of which is necessary for a clear comprehension of an Islamic solution to the modern economic complexities.

### **1. Earning of Wealth – Distinction Between Legitimate and Illegitimate Sources**

The first thing is, Islam does not issue a common licence to its followers for earning wealth, but on the modes of earning it establishes a distinction of legitimate and illegitimate with regard to social benefits. This distinction is based on the maxim that all those methods of earning wealth are illegitimate in which the profit of one person depends upon the loss of another person or

persons, and every one of such methods is legitimate in which the exchange of profits is judiciously distributed among the persons concerned. This cardinal principle is explained in the holy Qur'an thus:

*"Believers! Do not devour one another's possessions wrongfully rather than that, let there be trading by mutual consent. You shall not kill yourself, surely Allah is ever compassionate to you. And whoever does this by way of transgression and injustice, We shall surely cast him into Fire." (ch :4 v:29,30)*

In this verse two conditions have been indicated for the legitimacy of transactions. One is, there should be mutual agreement in transactions and the second is, there should be no loss while the other gains. In this sense the sentence, لَا تَقْتُلُوا أَنْفُسَكُمْ (don't kill yourselves) is very eloquent. It carries two senses and both of them have been implied. One is do not kill each other mutually and second is do not kill yourself. The meaning is the person who inflicts loss on the other for one's own benefit is tantamount to drinking his blood and consequently opens his own path of destruction. In theft, bribery, gambling, deception and deceit, usury and all those commercial methods which Islam has declared as illegitimate, both the causes of illegitimacy are found and in a few of them if there is any provision of doubt about mutual agreement, then the other vital condition لَا تَقْتُلُوا أَنْفُسَكُمْ (do not kill yourself) is missing.

## 2. Prohibition of Accumulation of Wealth

The second commandment is not to accumulate wealth that has been earned through legitimate means because it stops circulation of wealth and balance cannot be maintained in the distribution of wealth. The person

amassing wealth not only afflicts himself with the worst moral diseases but also commits a very serious crime against the whole community, and is ultimately bad for his own self. Hence the holy Qur'an vehemently opposes stinginess.

It says:

*"Let not those who are niggardly about what Allah has granted them out of His bounty think that niggardliness is good for them, in fact it is bad for them." (ch: 3/ v:180)*

*"Those who accumulate gold and silver and do not spend in the way of Allah, announce to them a most grievous penalty. (ch: 9/ v:34)*

This thing strikes at the very foundations of capitalism. To accumulate the savings and to invest the accumulated wealth in the production of more wealth, this in fact is the root of capitalism. But Islam does not like altogether a man that amass wealth in excess of his needs.

### 3. Command for Spending

Instead of accumulation Islam teaches spending. By spending the objective is not that it should squander wealth on one's own luxuries and lasciviousness. It orders expenditure with a constraint of *في سبيل الله* (in the way of Allah)

*"They ask: what should we spend in the way of Allah? Say whatever you can spare." (ch 1/ v:219)*

*"Do good to your parents, to near of kin, to orphans and to the needy and to the neighbour who is of kin and to the neighbour who is a stranger and to the companion by your side, and to the way-farer and to those whom your right hand possess." (ch: 4/ v:36)*

*"And in their possession and wealth there is right for those who ask and those who are deprived." (ch:51/v:19)*

At this stage the point of view of Islam totally differs from that of capitalism.

Capitalist thinks that he will become poor by spending and rich by amassing. Islam says there will be blessings in spending any your wealth will not decrease but rather it will increase.

*"Satan frightens you with poverty and bids you to commit (niggardliness like) indecency, whereas Allah promises you His forgiveness and bounty." (ch: 2/ v:268)*

Capitalist thinks that whatever is spent is lost, Islam says no, it is not lost but its better benefits will revert to you.

*"Whatever you spend in charity will be repaid to you in full and you shall not be wronged." (ch:1/ v:272)*

*"And spend (in charity) out of what we have provided for them, secretly and openly, hope for a commerce that will never fail. Allah will pay them their reward, nay, he will give them even more out of His bounty." (ch:35/ v:29,30)*

Capitalist thinks by amassing wealth and investing in usury, his wealth increases. Islam says no, in usury wealth decreases. The means of increasing wealth is to spend in good deeds.

*"Allah deprives interest of all blessings whereas He blesses charity with growth." (ch:2/ v:276)*

*"And that which you give in interest in order that it may increase in wealth, does not increase with Allah, but that which you give in Zakath seeking Allah's countenance then those shall have manifold increase (ch:30/ v:39)*

This is a new theory which is in total contrast and contradiction to the theory of capitalism. Enhancement of wealth with spending and the spent wealth not being lost but rather its coming back with full compensation along with additional benefits, interest causing loss in wealth instead of increasing it, Zakath and charity causing enhancement in wealth, rather than causing its decrease, are such views which appear to be very strange and the hearer thinks that perhaps all these are matters pertaining to rewards in the other world. There is no doubt that it also pertains to the rewards in the other world, and the real importance in the eyes of Islam is of the same, but if take a deeper look it will be realised that in this world also, these views are based on firm foundations even from the economic point of view also. The ultimate result of accumulating wealth and running it on usury is that the wealth so gathered gets concentrated in a few hands, the purchasing power of the masses decreases day by day, in industry, commerce and agriculture slump sets in, the economic life of a nation touches the fringes of ruination and lastly there is no scope left even for the capitalists to invest their accumulated capital in the wealth producing ventures<sup>1</sup>. Contrary to this, the consequence of spending in charity and Zakath is that the wealth spreads among all the individuals every one attains a solid purchasing power, industries flourish, agricultural farms become lush green, there is tremendous scope for progress of commerce, and may be one may not become a millionaire and billionaire but everyone will be well off and free from wants. If we want to check the veracity of this apprehensive result then observe the present economic conditions of the world

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<sup>1</sup> The reference is to the hadith in which prophet (p.b.u.h) has said "however enormous interest may be, but ultimately it reverts towards decrement.

under the capitalist system, wherein the balance in distribution of wealth is adversely affected on account of interest only, and the market slump in industry and commerce have taken the economic life of the masses to the fringes of ruination. In contrast observe the conditions prevalent in the early period of Islamic era when this economic theory in all its splendour was practically implemented, then within a few years, the economic well-being of the masses had reached to such an extent that people used to roam about in search of needy people deserving Zakath and hardly used to come across any person who was not himself exempt from the curriculum of Zakath. By making a comparison of these two situations one can realise how Allah deprives interest of all blessings and blesses charity with growth.

Again the mentality which Islam creates is totally at variance with that of capitalism. This concept can in no way be accommodated in the mind of the capitalist that how a person can advance cash to another without interest. He not only collects interest on his loan but also confiscates the clothes and utensils of his debtor for the recovery of his capital and interest. On the other hand Islam teaches that not only you advance loan but also do not become harsh in your demands if he is a destitute, ultimately forgive the debtor if he is not capable of paying.

*"But if the debtor is in straitened circumstances, let him respite until the time of ease; and whatever you remit by way of charity, it is better for you, if only you know."*

*(ch:2/v:280)*

The meaning of cooperation in capitalism is that you become a member of the cooperative society first by paying a cash amount, and if you are afflicted with need



then the society will advance you a loan at a little less than the common rate of interest in the market. If you have no money you cannot receive any financial help from the "cooperative society". In contrast, the concept of cooperation in Islam is that those of them who are financially sound should not only advance loan to the less fortunate ones in their hour of need, but also help them in repayment of the loan. Hence in the approved list of expenditure for Zakath, one of them is the repayment of loans of debtors.

If the capitalist spends money in charities, it is only for exhibition, because for this short-sighted person, the least compensation he should receive for his expenditure is that he earns a good name, he should become popular and he should register his prestige. But Islam says there should never be any exhibition in spending; whatever you spend, secretly or openly, this aim should never be intended that its compensation in some form or other should be achieved but must keep your eyes on the ultimate consequence. Starting from this world to the other, as far as your sight can go, you will discern this expenditure growing and creating profit upon profit. "The person who spends his wealth for exhibition, his example is like this, as if there was mud lying on a rock, he sowed the seed in the mud, but a gush of water came and washed away the mud." And the person who, keeping his intention pure, spends for earning Allah's pleasure, his example is like this as if he grew a garden on a nice ground, if it rained, it brought forth double the fruits and if it did not rain, even a little drizzle is enough.

*"If you give charities openly this is also good, but if you give secretly and stretch it to poor people, then this is better (ch:2/v:271)"*

A capitalist, even if he spends on good deeds, it is with a heavy heart, gives the worse or worst commodity and again to whomever he gives, he takes away half his life with the needles of his tongue. Islam on the contrary teaches that you spend good possessions and after spending do not remind them of your favour, rather do not even expect that they will express their gratitude before you.

*"Give of the good things which you have earned and of the fruits of the earth which we have produced for you do not aim at anything which is bad." (ch:2/ v:267)*

*"Cancel not your charity by reminders of your generosity or by injury." (ch:2/ v:264)*

*"And they feed for the love of Allah, the indigent, the orphan and the captive. (They say) we feed you for the sake of Allah alone. No reward do we desire from you nor thanks." (ch:76/ v:8,9)*

Leave aside the question, as to how tremendous is the distinction between these two mentalities from the ethical point of view. We say, from a purely economic point of view also, see for yourself as to which ideology out of those two (ideologies) of profit and loss is more firm and is more correct from the stand point of far reaching consequences. Again, in the realm of profitability and loss, when this is the ideology of Islam which you have seen, then how is it possible for Islam to accord legitimacy in any form to usury?

#### **4. Zakath**

The aim of Islam, as expounded above, is that wealth should not accumulate in one place. It wants that those individuals who have achieved, on account of their better

potential or good fortune more wealth than their needs, should not concentrate it in their hands but spend it, and spend it on such utilities which result in the less fortunate ones getting their share in the circulation of wealth. To achieve this end, on the one side Islam, through its moral teachings and through the very effective ways of persuasion and threat of punishment, creates the spirit of generosity and a real cooperative attitude, so that people on their own inclination may regard accumulation of wealth as an evil and may be favourably disposed towards spending. On the other side, in spite of the teachings of generosity, if people, owing to their bent of mind, are accustomed to accumulation and amassing of wealth, or with whom wealth gets collected somehow or other, it formulates such a law by which a part of their wealth is surely taken away for the welfare and wellbeing of society. The same is called as Zakath, and in the economic system of Islam, it has been given such importance, that it has been included among the pillars of Islam. After Salath, the greatest importance has been accorded to it, and it has been abundantly made clear that any person who accumulates wealth, his wealth is not legitimate and lawful unless he pays the Zakath of his wealth.

*“Collect Zakath from their possessions and by this means cleanse and purify their wealth.” (ch:9/v:103)*

The word Zakath by itself implies that the wealth which a rich man accumulates is filthy in the eyes of Islam, it is an impurity and it cannot be cleansed unless its owner spends every year in the way of God 2 ½% of his wealth. What is meant by in the way of God? God is free from wants, neither your possessions reach Him nor does He need them. ‘His way’ is only this that you try to make

the deprived of the nation well-to-do and improvise such beneficial ventures whose benefits reach the entire nation.

*"Alms are for the poor and the needy and those employed to collect the charities and for those whose hearts have been (recently) reconciled, for those in bondage and in debt, in the cause of Allah and for the way farer"*

(ch:9/ v:60)

This is the cooperative society of the Muslims, this is their insurance company this is their provident fund. This is the capital of help for the unemployed. This is the means of livelihood of the crippled, the disabled, the sick, the orphan and the widows. And more than anything else, it makes the Muslims carefree and un-concerned about their future. It's simple and straightforward principle is, if you are well to do today, then help others, tomorrow if you become poor, others will help you. You do not have to worry as to what will become of you if you become poor? If death overtakes you what should be the fate of the wife and children? If unforeseen misfortune befalls, fall sick, house is set on fire, floods engulf, bankrupted confronts then what is the way out from all such afflictions? How should the journey of life be accomplished if there is no money in the pocket? From all such concerns, only Zakath can deliver you. Your job is only this, from your savings, give 2 ½ % of your wealth in Allah's Insurance company and insure yourself. Now you do not need this wealth, it will be useful to those who are in need of it today. Tomorrow when you or your children are in need of it, then not only you will get back the money which you have given but you will get even more than that.

Here again there appears a total contradiction between the principles and the ways of Islam and capitalism. The

aim of capitalism is to amass money and to increase it, resort to usury so that the money of the surroundings also gets collected through its drains into this lake. Contrary to this Islam ordains, that first of all money should not get accumulated and if gets collected, then canals of Zakath should be dug out from this pool so as to irrigate the dry farmlands and to make the surrounding lands lush green. In the system of capitalism, the exchange of wealth is confined and in Islam it is free. To draw water from the pool of capitalism it is inevitable that your own water be already present there from earlier, otherwise you cannot draw even a drop of water from there — In contrast to this the regulation of the water reservoir of Islam is whoever has water in excess of his needs should bring forth and pour the same in it, and whoever is in need of it should draw from it. Obviously these two ways are by its very nature and temperament totally the opposites of each other and both of them cannot coexist in the same economic system.

## **5. Law of Inheritance**

After spending on one's own needs, and after spending in the way of God and payment of Zakath, whatever wealth has remained concentrated in one place, for the dispersion of this Islam has once again adopted a policy and that is its law of inheritance. The objective of this law is whoever leaves behind any wealth, whether it be less or more, the same should be dispersed in bits and parts by degrees amongst his far and near relatives, and if there is no inheritor or if one is not available then instead of allowing him the right of adoption his wealth should be deposited in the treasury of common Muslims so that its benefits may reach the entire nation. The way this law of

inheritance is found in Islam, in no other economic system it is found. The inclination of other economic systems is towards this practice that the wealth any person has accumulated should remain concentrated<sup>1</sup> even after him, in the hands of one or a few persons. But Islam dislikes concentration of wealth. It desires its dispersal so that circulation of wealth is rendered easier.

## 6. War Booty and Distribution of Conquered Commodities

In this matter also Islam has kept the same aim. Whatever booty comes by in the hands of the army, the rule that is framed about this is that it should be divided in five parts, four parts must be distributed in the army and one part must be kept aside for the purpose of spending in the cause of common national welfare.

*"And know that out of all the booty that you may acquire (in war), a fifth share is assigned to Allah and His messenger and to near relatives, orphans and the needy and the wayfarer." (Anfal ch:8/v:41)*

By Allah and His prophet's share is meant those social aims and expediencies whose supervision is entrusted to the Islamic state under the commands of Allah and His prophet.

The share of the Prophet's relatives is earmarked because they have no share in Zakath.

After this, in the fifth part, the share of three classes has specifically been set apart.

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<sup>1</sup> The eldest son assuming the right of inheritance, called the law of primogeniture and the joint family system are based on this aim.

*"The orphaned children of the nation, so that proper arrangements could be made for their education and training to enable them to take part in the struggle of their life."*

*"The poors which include the widows, the disabled, the crippled, the sick and the deprived."*

*"The way-farer means traveller. Islam through its moral teachings has inculcated a special inclination for welcoming travellers, and along with this it has provided a right for the travellers in Zakath, charities and the war booty. This is such a beneficial thing which created great conveniences for movement in Islamic countries for commerce, tourism, education and study and observation of archaeological findings."*

As a result of war, the lands and commodities which came in the hands of the Islamic government a rule was framed about all of them that it should be totally kept in the control of the government.

*"What Allah has bestowed on His messenger (and taken away) from the people of the townships, belongs to Allah, to His messenger and to kindered and orphans, the needy and the way farer, in order that it may not (merely) make a circuit between the wealthy among you... (some part is due) to the indigent migrants, those who were expelled from their homes and their property... And those who before them, had home (in Madina) and had adopted the faith ... there is share for those future generations who are coming after them" (Al-Hashr ch:59/ v:7-10)*

In this verse not only those expenditures have been expounded in which the "Fi" commodities (ie the share assigned to Allah and His Messenger) would be spent, but also explicitly pointed towards the aim which Islam upholds not just in the distribution of Fi commodities but also in its entire economic system viz. "the wealth should

not keep circulating among the rich only." This subject matter, which Qur'an has described in a comprehensive sentence is the foundation stone of the Islamic economic system.

## 7. Commandment of Moderation

On the one side Islam has arranged for the circulation of wealth among all the individuals of the nation and created a share, in the possessions of the wealthy, for the indigent people, as you have already seen above; and on the other side ordains everybody to uphold economy and moderation in expenditure, so that individuals by indulging in extravagance in making use of their economic resources may not spoil the balance in the distribution of wealth. In this regard Islam's comprehensive education is this:

*"Make not thy hands tied (like the niggard's) to the neck, nor stretch forth to its utmost reach so that thou become blamesworthy and destitute (Bani Israel ch:17/ v:29)*

*"Those who, when they spend, are not extravagant and not niggardly, but hold a just (balance) between those extremes." (Al furqan ch:25/ v:67)*

The aim of this education is that whatever is spent is spent within the limits of his economic means. Neither should he cross the limits that his expenditure exceeds his income to such an extent that owing to his extravagance he starts stretching his hands before everybody, resorts to decoity of others' incomes, or barrows loans without real needs and then either devour the loans or suffers exhaustion of all his economic means in the settlement of his loans and includes himself in the circle of beggars and indigents through his own misdeeds. Neither should he become so stingy that he refrains from spending even as much as his economic means permit him to spend. To



spend within his own limits does not imply that if he has a good income, he should exhaust all his income on his own luxuries and pomp and show, whereas his own kith, close friends and neighbours are leading a life of deprivation. Islam regards this kind of selfish expenditure also as extravagance.

*"And render to the kindered their due rights, as (also) to those in want, and to the wayfarer, but squander not (your wealth) in the manner of a spendthrift. Verily spend thrifts are brothers of the Satan, and the Satan is to his Lord (Himself) ungrateful. (Bani Israel ch:17/ v:26,27)*

Islam has not sufficed itself by just giving moral education in this regard but has also framed rules to plug the extreme positions in miserliness and extravagance and tried to block all such ways which are of nuisance value to the balance in the equitable distribution of wealth. It declared gambling as forbidden, prohibits adultery and wine, and forbids many an extravagant habits of fun and frolick whose ultimate result is the waste of time and money. It stops the natural taste for music reaching such limits where the absorption of man, along with creating the other spiritual and moral drawbacks, can also cause disruption in the economic life and in fact it really does happen. It delimits the natural inclination for aesthetic sense to certain boundaries. About costly dresses, diamond studded jewellerys, golden and silver utensils, pictures and statues, whatever prohibitory orders of the Prophet (p.b.u.h) are reported, in all of them apart from other expediencies, the greatest one that is kept in view is that, the wealth that can satisfy the unavoidable necessities of your less fortunate brethren, to spend the same on the decoration of body, and bedecking of homes is not aestheticism but callousness and a worst kind of

selfishness. In short, in both the ways through moral education and legal commands, the kind of life Islam has given instructions to live by is such a simple life in which the orbit of man's needs and desires cannot be so extensive that he cannot spend his life with average income and come across the need to set his foot beyond his orbit to wrest his part from the incomes of others. Or if he were to possess more than average income, he would spend all his wealth on his own self and not go to the help of those of his brethren who have less than the average income.

## **Modern Economic Complexities and it's Islamic Solution**

Now let us see, as to how, on the basis of the principles Islam has presented, the complexities which we have discussed under the chapter "History's Lesson" can be solved. In this connection a few fundamental realities must be born in mind.

### **A Few Fundamental Realities**

The foremost thing which is essential to understand the system of Islamic civilization is, that the main importance is accorded to the community or the nation or society. The individual is not for community but the community is for the individual. Community, nation or society is not accountable collectively before God but each and every person individually in his personal capacity is responsible and accountable, and a person's entire moral value and worth depends upon his personal responsibility and accountability only. The real aim of social life is not the collective wellbeing but the welfare of each and every individual. The real standard of a social system being righteous or depraved is, how for it helps or deters in the development of individual personalities and the growth of potentialities. That is why Islam does not like any such form of social system and any such scheme and plan in the name of community welfare which tightens the grip of community on individuals in such a way that it suppresses its personality permanently and

results in reducing a vast majority in the hands of a few to the status of soul-less instruments.

The rightful growth of individuality of a person and a full development of personality is not possible unless there is freedom of thought and action. For this person, it is not just freedom of thought, freedom of expression and writing, freedom of struggle and action and freedom of association is necessary, but freedom of economic activity is equally essential; this is a natural reality which hardly needs any elaborate discussion to prove the same. Mere common sense is enough to realise it. Even a common pedestrian is well aware of the fact that a person who does not enjoy economic freedom, is reality does not have any kind of freedom, neither of expression, opinion or writing nor of trial and action. Hence if at all any condition is best for any human society, it is only that in which an opportunity is available for every person to earn his bread by sheer labour of his hands and legs without compromising his conscience, although such opportunities have become rarer in this period of industrial revolution. Big industrial and commercial Houses and farming activity on a large scale have narrowed the field of life of individual handicraft and skilled labour and small traders and farmers to such an extent that they cannot carry on their independent profession successfully in competition to the Big Houses. However, the system wherein individual ownership of means of production is permitted, there is ample scope for resourceful persons to establish their own independent industrial, commercial or agricultural units and there is at least this much provision left for helpless workers to go and stand on another gate if the service and labour under an individual or an institution becomes a burden on their conscience. But where all or a

majority of means of production have been given under collective ownership or where individual ownership is sustained but all the economic activity, after the Nazi or Faci ways is given under the complete control of the state to run it, on all embracing planned way, then in such a situation economic activity can never survive and with its end, the funeral of mental, social and political freedom is automatically enacted. Hence the system of life which holds the individualism of humans dear, and which aims to give objective importance to the development of human personality, it has no option but to spurn and ultimately and finally reject all such social welfare schemes wherein it is suggested that all lands, industries and commercial establishments be brought under national ownership or imposing a Nazi type of state control, the machine of the entire economic activity be rotated under central planning.

This is the position which Islam has adopted in this regard. It opposes communism due to one more reason and that is the communist gentlemen resort to violence and oppression in order to bring means of production from individual ownership to national ownership. But to implement this scheme, even if this oppressive and usurpative method is not adopted and instead those methods of revolutionary socialism be employed whereby the lands, the industries and businesses are progressively converted into national ownership through laws, even then the temperament of Islam is not willing to accept it because such type of a system by its very nature is found to be genocidal. On the same lines, the restrictive regulation and planning of the Nazi and Faci type are also alien to the disposition of Islam, because whatever be their social benefits, they are however prohibitive in the

exposition of human identity and completion of growth and evolution.

There is also another aspect of this matter. The foundation stone of mentality and moral view point which Islam inculcates in man is the fear of God and the sense of accountability before Him. In whichever person or group both these qualities are ingrained, if the responsibility of running the affairs of society are cast on them, they will never be willing to establish and carry on such a system, in which along with his own burden, he has to take upon his own shoulders the burden and responsibility of crores of people. This is exactly what prophet Mohammed (p.b.u.h) said in Madina on the occasion of famine. When it was suggested to him (p.b.u.h) that as prices are rising he should officially fix the prices of the commodities, he refused to do so on the plea "I want to meet my God in such a way that no single person has any grievance to complain against me."<sup>1</sup>

Apart from this, in every respect Islam wants to keep humanbeings closer to natural situations, and does not like artificiality in any aspect of life. The natural situation for human livelihood is that whatever resources of food God has created on earth, the same be brought under individual control and benefits drawn from it as individuals and groups and undertake independent mutual dealings with regard to commodities and services. For an unknown

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<sup>1</sup> It does not mean he left the high prices to prevail as they were and never bestowed his attention to remedy the situation. What he refused to undertake was to upset the complex system of prices by artificial intervention. Forsaking this method he exercised his entire mite on the moral reformation of business class and with persistent preaching inculcated in their minds that it is a great sin to deliberately raise the prices of commodities. These teachings proved very effective and before long the prices started receding to moderation.

period human economy has been operating in the same way and this provision could only be found in a natural system that a person living in a society can be independent in his livelihood and attain steadiness in his life. As far as those innumerable big and small "isms" are concerned which semi-mature minds keep authoring from time to time, all of them, in one way or another, suggest an artificial system in which a man instead of being a permanent person with a soul, a conscious personality and a being commanding central importance becomes a spare part of a mere social machine.

Like artificial methods, Islam does not like even the revolutionary methods either. During the dark period of ignorance before Islam, the people of Arabia used to adopt such methods of livelihood which were declared forbidden and detestable. But about the former possessions which had come down in succession, Islam did not raise any controversy about them whether the properties raised from prohibited earnings should be confiscated. It abstained from calling to accounts even the perpetrators of such crimes as usury, prostitution and thuggery for their past deeds. The civil laws of Islam accepted the right of ownership of those in whose possession whatever properties were present. For the future, forbidden ways were banned, and inheritance laws of Islam progressively dissolved the former properties.

### **Diagnosis of Malady**

Keeping in mind the above facts, now turn back to have a glance over the discussion we have covered in the previous chapters. We have shown therein, that the modern capitalist system was born during the era of industrial revolution on the same principles of economy

on which the economic dealings of man was operating from time immemorial, but there were four basic reasons for the birth of defects in the system, which later on became the cause of an intense reaction.

First of all, those responsible for establishing and running this system adopted an attitude of exaggeration with regard to its principles which was not at all appropriate for the new industrial era.

Secondly they adulterated the natural laws with the wrong principles. Thirdly they neglected a few principles which were as important for a natural system of economy as those seven principles which are said to be the basis of the capitalist system.

Afterwards we have shown in those chapters in great detail that whatever efforts Socialism, Communism, Façism and Nazism on the one hand, and the present inheritors of the capitalist system on the other hand had put forth towards the remedy of the defects produced by this system, proved to be unsuccessful for the sole reason that none of them could altogether diagnose the basic causes of the disease. One group regarded the natural principles of the economy itself which were coming down customarily from ancient times to be the real cause of the disease and in their enthusiasm to discard them, they discarded the individual freedom as well. The other group concentrated its entire attention on the redressal of grievances and allowed a great many of the causes which were the root cause of the defects to remain as they were, hence in their system, individual freedom was although retained but in a way which was approximately as much injurious to social welfare as it was in any of the darkest period of the capitalist system.



Now whoever will ponder over the diagnosis of the disease, he will easily come to the conclusion that humanity is in need of such a balanced philosophical system which will firstly retain the natural principles of economy, as they are essential for individual freedom, but in its application, instead of adopting exaggeration, should impose such restrictions on individual efforts and activities that not only it ceases to be the enemy of social benefits but practically becomes its servant,

Secondly eradicate all the wrong principles from the economic system which have got mixed up with the natural principles.

Thirdly bring into operation along with these principles, the other basic principles of natural economic system,

fourthly prevent individuals from deviating from the real demands of these natural principles.

### **Islamic Remedy**

This is exactly the way Islam has adopted, It converts "uncontrolled economy" into "free economy" and imposes such conditions on this freedom as human freedom is restricted in all other branches of civilization and way of life. Along with this it plugs all such openings which are likely to produce the evil effects and consequences of the capitalist system in the free economy. Now let us examine in detail as to what kind of a blue-print of economy is created based on the Islamic principles.

#### **1. Ownership of Land**

Like all other ownerships, Islam recognises man's personal ownership of land. The different legal forms that

are available for any commodity, according to all those forms, even land can be in the ownership of an individual person as any other commodity. There is no limit fixed for the same. From a square yard to thousands of acres of land, whatever be the area of the land that has come under the ownership of any person by any legal means, is by all accounts a legitimate ownership. There is no restriction of self-farming either. Just as a house and furniture can be leased on rent, and partnership can be obtained in business, in the same way land can be leased on rent and farming can be undertaken on the principle of partnership also. Without rent if someone gives the land to the other or without collecting a share in the produce if one were to give land for farming, then it is charity. But to settle the deal on rent, land revenue<sup>1</sup> or share in produce is as much a legitimate act as partnership in business or leasing a thing on rent. Regarding those evils of feudal system that are prevalent in our country they are neither the product of landlordism nor is its remedy the total eradication of personal ownership of land, nor the imposition of artificial restrictions which today's quacks are suggesting in the name of "agricultural reform." But as per the Islamic principles its remedy is this:

(1) All the restrictions on the sale and purchase of land be lifted and its transactions be carried on the same open way as is the case with other commodities of the world.

(2) The permanent distinction of every kind and form between professional farming and professional non-farming classes be totally eradicated.

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<sup>1</sup> The distinction between legitimate and illegitimate ways regarding leasing of land on rent or contract farming has been fully discussed in our book "problem of ownership of land."

(3) Those special preferential rights which are available to land owners in our life be legally cancelled.

(4) Rights and duties between landlords and farmers established through laws and apart from those approved rights, no other rights must be available to the land lords over their farmers.

(5) The only form of landlordism that should be solely allowed to survive is where the relationship between landlord and farmer is akin to that existing between partners in business. Transgressing this, the landlordism which becomes an instrument of oppression; or which assumes the form of a state within a state or which is made a means of acquiring political power through illegitimate means, as it falls outside the definition of legitimate landlordism, the safeguards available to personal ownership should not be extended to it which is the right of legitimate landlords only.

(6) With regard to inheritance all the practices of dark ages should be totally eradicated. The present estates of land lords should be distributed among the surviving heirs as per the laws of Islamic Shariah, and for the future, the Islamic laws of inheritance be scrupulously implemented with regard to agricultural estates.

(7) Restrictions should be imposed for leaving the agricultural land uncultivated, for instance those lands which government has gifted without compensation, if allowed to remain idle without cultivation, the grant should be cancelled, and if the lands purchased on cash are neglected to remain barren without cultivation, then a tax must be imposed after a certain period.

(8) A specified part of the produce must be collected from land lords and farmers for the aims and purposes which are discussed under the topic of Zakath.

(9) If farming is to be undertaken on a vast scale by scientific methods, then such cooperative institutions should be established wherein the small land holders, keeping their proprietary rights secure, with mutual agreement, can convert their small holdings into a vast field and manage its affairs jointly like an association.

After these reforms can there remain any defects in landlordism which could be rationally pointed out<sup>1</sup>?

## 2. Other Means of Production

Islam does not make any such distinction between consumer goods and means of production that on the one personal ownership is legitimate and on the other it is not. In its view it is wholly legitimate that a person produces or provides any goods of necessity of others and sell it to them. This work he can do from his own hands or get it done from others on wages. In the preparation or provision of these goods, he can be the owner of whatever raw material is used, the instruments employed and the premises utilised for production. The way it was legitimate before industrial revolution, the same way it is legitimate nowadays also. But uncontrolled industry and commerce is neither correct previously nor else it is correct now. On the basis of Islamic principles, the following restrictive rules should have been imposed essentially and are imperative now:

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<sup>1</sup> About land and its management, a collection of Islamic commands has been compiled under the title "Problem of ownership of land separately, from which the details of this brevity could be learnt.

(1) No permission should be given to any technical invention which employs machine in the place of man power in industry, craft and commerce unless it is thoroughly investigated as to how many peoples' livelihood will be affected and satisfied as to what alternate arrangement has been made for their employment.

(2) Rights and duties and conditions of service among employers and employees will be left to the mutual agreement of the parties, but the state must however formulate certain just principles in this regard, for instance, the least salary or standard of wages, limitation on maximum hours of work, medical treatment for sickness and compensation in case of physical injury, the least rights of pension for those becoming incapable of working anymore and similar other issues.

(3) The government should own responsibility for settlement in case of dispute between the employer and the employee and the government should arrange such a format of mutual understanding, mediation and adjudication due to which no occasion will arise for strikes and lockouts.

(4) In businesses, hoarding<sup>1</sup>, speculation, commercial gambling and trading of non-present commodities should be totally banned and all those modes declared illegal which cause an artificial rise<sup>2</sup> in prices.

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<sup>1</sup> The stocks of essential commodities are not released so as to cause rise in prices.

<sup>2</sup> The commercial laws of Islamic Shariah are in reality a great chapter on reforms of economic life, of which the world has not tried to take advantage of and even Muslims have adopted a criminal negligence about it. This is no occasion to propound the details of this law. Very shortly, God willing, a regular pamphlet on this topic will be compiled. Presently on this occasion

(5) To deliberately destroy the produce should be declared a criminal act.

(6) Every branch of industry and commerce should be open to a maximum extent for competition and no person or group should get distinctive rights through monopoly which are not available to others.

(7) Such industries and commerce should not be permitted which casts an evil effect on the morals and health of the masses. Any such thing if at all essential from any aspect, then restrictions be imposed on such industry and commerce to the extent of necessity.

(8) Government should not take over commerce and industry under its complete control in the Nazi way, but keep essentially rendering the service of guidance and coordination, so that industry and commerce be not only saved from proceeding on wrong routes but also bring about harmony in different branches of economic life.

(9) Just as in the case of landlords, the concentrated wealth of manufacturers and commercial people should be kept continuously distributed through Islamic laws of inheritance, so that permanent classes of wealthy people may not come into being.

(10) As in the case of farmers, a portion of the incomes of businessmen, manufacturers and commercial people be essentially collected for the aims and objects which are discussed later under the topic of Zakath.

### 3. Finances

In financial matters Islam recognises this right of individuals that whatever remains as savings after meeting their needs, can be accumulated, or lend it to others by way of loan, or invest by themselves in any business or become partners by investing in any industry or commerce. Although the favourable way in the eyes of Islam is that people spend their excess incomes in pious and virtuous ways, it, however permits the above methods also as legitimate, provided they are subject to the following conditions.

(1) In the event of accumulation they should essentially keep giving  $2\frac{1}{2}\%$  of the amassed wealth for the functions which are discussed later on under the chapter Zakath and when they die their entire wealth be distributed among their heirs according to the Islamic laws of inheritance.

(2) In the event of advancing loans, they can take back only their capital and are in no way entitled to any interest thereon, whether the person borrowing it has used it for his personal expenses or for investment in any business or industry. Likewise they have no right of taking advantage of the land which the debtor has pledged to him by way of surety to ensure the payment of the loan. Benefit on loan is however usury and it cannot be taken in any form. On the same lines it is not legitimate that in the case of cash purchase the price is something else and in the case of purchase on loans it becomes higher.

(3) In the event of direct investment in industry and commerce or agriculture, they are bound to abide by the

regulations which we have discussed above under land and other means of production.

(4) In the event of partnership they should essentially share profit and as well as loss equally and as per an agreed proportion they will be partners in both the cases. No form of partnership will be legally permissible according to which the person advancing the capital will be a partner in profit only and be essentially entitled to a fixed rate of profit.

#### **4. Zakath**

Islam does not impose on society and state the duty of provision of employment. Because no responsibility of providing employment could be undertaken without social control or at least a Nazi type of domination on means of production, and its being erroneous and harmful has already been shown previously. But also Islam does not consider it to be correct to forsake individuals in social life on their own means and affairs and that no one be responsible for looking after the affected persons. On the one side it imposes on every person individually a moral responsibility of extending help to the extent possible to any far or near person who is in need of help. On the other side it demands of manufacturers, businessmen and land lords that they respect and discharge their duty in doing justice to the due rights of the individuals they employ in running the affairs of their business. And apart from this it imposes on the entire society and the state the responsibility that anyone living in the boundaries of his work is not deprived of the least necessities of his life. In the society those who are rendered unemployed or become incapable of working due to some temporary causes, or become useless owing to some permanent causes, or



become victims of accidents or afflictions, to support all such persons is the responsibility of the state. The children who have no guardians, the state is duty bound to take them under its care. The limit is, if a person is a debtor and is unable to pay his debts, the payment of such debts falls on the shoulders of the state. This is an extremely extensive social insurance which should become operative directly under the state. Islam suggests the arrangement of provision of financial resources in the following ways.

(1) Every person who has accumulated wealth in excess of prescribed limit should pay annual Zakath at the rate of  $2\frac{1}{2}\%$ .

(2) Every landlord and agriculturist should pay 10 percent of the produce of the rain irrigated land and 5% of the produce of the well and canal irrigated land in this head of account.

(3) Every manufacturer and businessman should pay at the end of every year  $2\frac{1}{2}\%$  percent of the value of the commercial stock.

(4) Every herdsman who owns cattle in excess of the prescribed limit should surrender to the government every year according to a specific ratio a part of the wealth of his livestock.

(5) From mines and treasure-trove also a fifth of it be collected.

(6) In the contingency of befalling a war, 20% of the war booty must be set apart for these purposes.

This entire wealth will be endowed for the expenditure which Qur'an has prescribed for Zakath and 'Khumus' ( $1/5^{\text{th}}$  of the stock or produce), a greater portion

of which is a part of that social scheme which we have discussed above<sup>1</sup>.

### **Limited Interference of Government**

Islam does not on principle like that the government itself assumes the role of a manufacturer, a landlord. According to it, the job of government is guidance, establishment of justice, eradication of evils, and service of social welfare. The defects of combining commercial activity with political power are so enormous; it is not willing to tolerate it for a few apparent benefits that accrue from it. Only such industrial and commercial activities it accords legitimacy for governmental management which are essential for national life but the individuals are either not prepared to manage them or it is really injurious for social benefit to allow it to remain in private hands. Apart from such works, even if the government is constrained to start other industrial and commercial enterprises for the sake of development and welfare of the country, its attempt should be to transfer this enterprise to private hands after running it successfully to a certain extent.

### **Four Fundamental Principles of Balanced Economy**

If these limitations and regulations and these reformative devices are put together with the seven natural principles of economy which we have discussed under the chapter "Modern capitalist system", then all the defects of feudalism and capitalism can be effectively curtailed and such a balanced economic system comes into being in which both the individual freedom and collective welfare

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<sup>1</sup> The problems of Zakath and khumus which have just been referred to here, one can get a detailed information about them in our book "Rasa-el and Masa-el" part 2.

can be fused together judiciously, without causing any hindrance in the momentum of progress of industrial revolution.

There are four fundamental pillars of this balanced economy.

(1) Free economy within a few legal and organisational limitation and restrictions.

(2) Obligation of Zakath.

(3) Law of inheritance.

(4) Prohibition of interest.

From among these, the first pillar is at least principally accepted to be correct by all those before whom the defects of unrestricted capitalism and evils of socialism and Facism are exposed. A few complications about its details do continue to exercise the minds of the people but we are sure that whatever we have discussed in this chapter under the topic of land and other means of production will greatly help dispel those complications and our book "problem of ownership of land" will be immensely helpful in dispelling them.

The importance of second pillar is also exposed to a vast extent. It is no more hidden from the sight of men of vision that whatever vast system of social insurance, Socialism, Facism and Democratic Capitalism have contemplated, Zakath arranges a much better social insurance on a far wider scale. But here also a few complications come across due to lack of knowledge of the detailed commandments of Zakath, and it is becoming difficult for the people to understand as to how Zakath and khumus could be infused into the financial system of a modern state. In this respect we expect that our brief

pamphlet "commandments of Zakath" will prove to be satisfactory.

As regards the third pillar, deviating from all the laws of inheritance of the world the scheme Islam has adopted, a great many people were unaware of the philosophy behind it, and used to heap a lot of criticism upon it, but of late the entire world is reverting to it and even Russian Socialism was constrained to draw inspiration from<sup>1</sup> it.

But people are feeling increasingly difficult to understand the fourth pillar of this blue-print. Bourgeois economic science has firmly established, during the past few centuries, the roots of the conception that prohibition of interest is a sentimental thing, and to advance interest-free-loans is only a moral concession, whose demand religion has made with so much exaggeration, but otherwise the bargain is logically a wholly rational thing and from an economic point of view not only it is not objectionable and practically advantageous but also essential. Due to this wrong notion and its aggressive promotion, while the critics of the whole world are focussing their attention on all other defects of modern capitalism, but this biggest of the basic defects escapes their attention and ultimately even the Russian Socialists are fostering this mother of all evils like America and Britain. Things have come to such a pass that even

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<sup>1</sup> In the latest laws of inheritance of Soviet Union, offspring's, wife, husband, parents, brothers, sisters, and adoptions have been declared inheritors. Further, this rule is also made that a man can bequeath his needy kith and kin and can distribute among public institutions, but the right of relatives will be given priority. Along with it such testament is declared prohibited whose aim is to deprive minor offsprings or poor heirs. After seeing these laws one cannot refrain from realizing that the socialist progressives have reverted in 1949 towards the laws which were formulated in 625AD.

Muslims, who ought to have been the greatest enemy of interest, have been adversely influenced by the misleading propaganda of the west. This misunderstanding is commonly prevalent amongst the defeated men of religion that if at all interest is objectionable it is so only in case it is collected from those who have borrowed to spend on their personal necessities but so far as those loans are concerned which are taken for investment in business, the transaction of interest is entirely legitimate, reasonable, pure and permissible, and with reference to any religion, morality, wisdom and principles of economic science there is no harm in it. Apart from this there are those self-deluding optimisms on the basis of which the interests of ancient type of pawn brokers and money lenders are thought to be wholly different from the modern type banking, and it is considered that the "clean" transactions of these banks is wholly a pure thing with which any kind of contact can be maintained. Those who are able to come out of this circle of misconceptions even they are feeling it difficult to understand that if interest is legally banned how can the financial system in modern times be organised.

—There is need for a permanent discussion on these problems for which there is no provision in this pamphlet. My book "INTEREST" is specifically devoted for these problems, hence those who want satisfaction about them, are advised to go through it.